



PVI HOLDINGS

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ANNUAL
REPORT 2013

VISION

PVI strives to become Insurance - Finance Group with prestigious and international brand name, top quality service and maintaining sustainable development.

MISSION

Building up and developing PVI by international standards based on 04 pillars: Non - life insurance, Life insurance, Reinsurance and Financial investment. Doing business with efficiency, preservation and development of capital; giving the highest return on investment to the shareholders; constantly improving the social conditions for employees; contributing more to society.



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**COMMENDATION FROM
MR NGUYEN XUAN PHUC**

POLITBURO MEMBER -
DEPUTY PRIME MINISTER



NGUYEN XUAN PHUC
DEPUTY PRIME MINISTER
THE SOCIALIST REPUBLIC OF VIETNAM

Hanoi, 10th April, 2014

Respectfully addressed to: Leaders and Staff of PVI Holdings

I understand that in 2013 PVI Holdings has overcome many difficulties, challenges, reached many very commendable achievements. PVI has firstly conquered the revenue landmark of 8,000 billion, an increase of 26 % compared to 2012. This is a result of the corporate restructuring process towards effectiveness, sustainable development in all three core business areas: general insurance, life insurance and reinsurance. In the context of the domestic and international market with numerous difficulties, the Government has been enhancing the economic restructuring, growth model transferring process; PVI's success can be deemed to be a typical example for building model of transparent, modern corporate governance meeting international standards and in accordance with Vietnam's market conditions.

I am also glad PVI to be a reliable partner of the leading insurers and reinsurers in the world and the pioneer of Vietnam's insurance market in global economic integration.

On behalf of Prime Minister, I commend the efforts, endeavors of the Leadership, officers and staff of PVI Holdings, I hope and believe that in 2014 and in the coming years, PVI Holdings will continue to strive, seize opportunities for business development, develop PVI to become a strong brand in the local, regional and international financial - insurance market that deserves to be "Hero of Labor" company, with noble rewards awarded by the Party, State.

Wish PVI continuous development and success.

Nguyen Xuan Phuc
Member of the Vietnam Communist Party Politburo
Deputy Prime Minister

(Signed)



**COMMENDATION FROM
MR PHUNG DINH THUC**

PARTY COMMITTEE SECRETARY
CHAIRMAN OF PETROVIETNAM



PETROVIETNAM

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Respectfully addressed to: Leaders, Party Members and Staff of PVI Holdings

Party Committee and Leadership of Vietnam National Oil and Gas Group warmly congratulate and praise the achievements that PVI achieved in 2013: PVI successfully exceeded all the planned targets with total consolidated revenue reached 8,074 billion dong, an increase of 26 % compared to the same period in 2012; revenue from core businesses of primary insurance increased over 31%. PVI has further confirmed its position as the number one industrial insurer in Vietnam and expanded PVI brand on the international market by official participation in the European reinsurance market.

I would like to congratulate and share my joy with PVI's Management, Officials, Party members and Staff in the early days of 2014 when you were awarded the honorable reward of the Party and State, the "Third-Class Medal of Independence" at the new, spacious, and modern headquarter of PVI. This reward represents the recognition and confidence of the Party, State and the People with PVI's achievements in the past year and also places the important responsibilities and greater expectations to the development of PVI in the coming years.

Entering 2014 with forecasted difficulties, we strongly believe that from experiences, successes, and with the right development strategy, effective corporate governance as well as the consensus of the entire PVI and the support in every aspects of Petrovietnam, PVI will continue to promote the strength and valor of a Hero company in the Oil and Gas sector to fulfill all planned targets and objectives in 2014, contributing to the overall achievement of the heroic Vietnam National Oil and Gas Group.

I wish to send PVI's Management, Officials, Party members and Staff sincere sentiment and best wishes. Wish comrades health, unanimity, and determination for the development and success of PVI on the stages ahead.

Hanoi, 2nd April 2014
FOR AND ON BEHALF OF PARTY
COMMITTEE & MEMBERS' COUNCIL
SECRETARY - CHAIRMAN

(Signed)

DSc. Phung Dinh Thuc



"PVI has completed the first phase of restructuring"

2013 has been a particularly difficult year for the whole Vietnam economy as it suffers from problems both domestic and international, accumulated from previous years; more than 60,000 enterprises have gone bankrupt or been closed, hundred thousands of employees have been laid off or faced with delayed salary payment. Despite being an economic engine, in 2013 the Petrovietnam (PVN) has been forced to put a number of new projects on hold due to capital short, including Developing Thai Binh and Ham Rong gas source Project, Nam Con Son Project, New Oil Rigs of VietsovPetro, Block B - O Mon Project, etc. This has led to a significant reduction in insurance premium compared to projection of PVI. On the other hand, Vietnam financial market has also experienced a difficult year faced with production dormant, bad-debt increase, loan interest reduction which have all adversely impacted on the financial investment activities of PVI.

Given the unfavourable economic background, 2013 has once again witnessed beyond-expectation successes of PVI. Apart from successful accomplishment including incorporated revenue of VND 8,074 billion, which means an increase of 26% compared to that of 2012, before tax profit of VND 538 billion, completing 174% annual plan, other outstanding achievements of subsidiaries in PVI system include that of PVI Insurance, PVI Reinsurance, PVI Sun Life. PVI Insurance Corporation - **PVI Insurance**, has for the first time surpassed VND 1,800 billion revenue mark in terms of retail business reporting a premium growth of more than 16% compared to only 7% of the whole market. PVI Insurance now holds 21% of the market share, which means PVI is only more than 1% away from the No.1 position. PVI Reinsurance Joint Stock Corporation - **PVI Re** has successfully completed its equitisation process and been accepted to the Security List of HDI-Gerling/Hannover Re. PVI Re has also become the Reinsurer in Asia Pacific Region of AON Benfield. **PVI Sun Life** right in the first half year of official operation has reported premium revenue of more than VND 1,000 billion, obtaining the 3rd place out of 16 enterprises on the market in terms of new business and reported profit before tax of more than VND 39 billion. This has made PVI Sun Life a phenomenon of Vietnam life insurance market so far. **PVI Tower**, one of the largest office buildings in Hanoi, has been assessed by real estate experts as one of the most beautiful tower which presents the most impressive business performance in year 2013. PVI now have a modern, magnificent and well-equipped head quarter, an 'appropriate outfit' matching with the extent of an Insurance - Finance institution. PVI Tower is also honorably home to head quarters of global leading brands e.g. Samsung, Obayashi, etc.

Based on impressive successes throughout the last 18 years, PVI has honorably been awarded Independence Medal of 3rd Ranking by the Party and the State. This honorable award along with other two previous ones that PVI was granted last year including Labour Medal of 1st Ranking and Hero of Labour Title are symbolization of recognition by the Party and the State for PVI's contribution to the community as well as the Trust of the Party, the State, customers, partners and shareholders for PVI.

I strongly commend PVI's Board of Management on strictly follow and implement the development strategies set by the Board of Directors; its market responsive ability, as well as creativeness and determination in operational management have helps ensure the "synchronise" and effectiveness of PVI system under the newly-transformed parent-subsidary model. I would like to extend sincere thanks to PVI's shareholders, especially PetroVietnam for its correct direction and effective support for PVI on each and every development stage. I would like to send thank to strategic partner Talanx/HDI-Gerling for

strong support for PVI's development in the past year. I would also like to thank our customers for their trust and support for PVI brand name. Thank all PVI staff for your solidarity, dedication, and "all-for-PVI" spirit!

Stepping onto 2014, as the world economy shall continue on its track to recover from the crisis, Vietnam economy shall also show further positive transformation; yet many risks and challenges remains. Especially, the fact Vietnam shall soon join Trans-Pacific Partnership (TPP) also puts the country in front historical opportunity for development. Ultimate goal that PVI is aiming at is not only to become No. 1 in terms of revenue or growth rate, but also in terms of operational effectiveness, satisfaction of customers, strategic partners, investors, employees and to become the pride of Vietnamese enterprises community. To realize that goal and ensure a sustainable development for the whole PVI system, following tasks shall needed to be well implemented:

- **PVI Holdings:** On the basic of completing the first phase of restructuring, PVI continues to complete the establishment of PVI AM; to seek for valuable investment projects through equitisation of State-owned enterprises under the Government's policy; to implement the restructuring further in depth at every subsidiary in PVI system; to complete the building of internal policies and mechanism to ensure a transparent interaction among subsidiaries within PVI system.

- **PVI Insurance:** to complete the equitisation of the company; to firmly obtain the industrial insurance market share, to enhance the retail business system; to build strategies for cross-selling of insurance particularly utilizing the agent network of PVI Sun Life Insurance Company Ltd.; to prepare necessary conditions for upgrading the financial strength rating of the company to B++.

- **PVI Re:** to build development strategies for PVI Re to become a professional reinsurance who takes "Treaty Reinsurance" area as core business; to focus on building a transparent and effective risk management system; to ensure a strict compliance within the whole system; to ensure an effective recruiting and training to build up a professional and dynamic staff in accordance with that of international professional reinsurance companies; to build up enterprise culture with solidarity and discipline and prudent working manner; to search for strategic partner and increase sufficient capital to prepare for life reinsurance business in the future; to prepare required conditions to upgrade the company's financial strength rating to B++.

- **PVI Sun Life:** to focus on developing pension insurance striving for the No. 1 position on the market in terms of this business area; to actively update and utilize the technology application; to build long-term effective investment strategies; to ensure a sustainable development in the future; to set up business policies and mechanisms in compatibility with Vietnam's market features, especially targeting corporate customers.

With profound tradition as well as vision and strong determination of PVI's leaders, altogether with enthusiasm, knowledge, solidarity spirit and a faith for the champion of PVI's staff, I believe 2014 shall be witnessing further successes as PVI conquers new "mountains" on its glorious development path.

Regards!

Nguyen Anh Tuan
Chairman of PVI Holdings



Until 2013, Vietnam has experienced global crisis for 6 consecutive years. Financial market experienced major volatility, including the plunge of the average interest rate to the lowest since 2006. Although considered “the shield” of Vietnam’s economy, the insurance industry has been facing many challenges, which is shown by the first time of negative growth of non-life insurance in Q1/2013 (-5%), 7% growth in the entire 2013 - the lowest in a decade.

With proper strategic vision, effective restructuring model and modern and transparent corporate governance system, PVI has overcome the overall difficulty to excellently fulfill all objectives assigned by the Board of Directors and General Meeting of Shareholders. Total revenue of all subsidiaries of PVI reached **VND 9,720 billion**, the consolidated revenue exceeded **VND 8,000 billion** to reach **VND 8,074 billion** for the first time, increasing over **26%**, profit before tax reached **VND 538 billion**; in which direct insurance revenue (of both non-life and life insurance) increased by **over 31%** - an impressive growth in context of the crisis. In addition, PVI expects to declare dividend percentage of 10% - higher than the committed percentage of 9% as committed to General Meeting of Shareholders. This is resulted from the sustainable development and comprehensive growth of PVI.

In the non-life insurance segment, PVI Insurance has continued to have the highest underwriting profit in the market and the lowest loss ratio among Top 5 leading insurance companies in Vietnam, while many others are making efforts to reduce underwriting loss. In addition to the focus to the development of retail system with the growth rate of 16%, PVI still maintained its position as the No.1 industrial insurer in Vietnam.

In the life insurance segment, PVI officially launched PVI Sun Life Insurance Limited Company (PVI Sun Life) in June 2013. With superior products and proper business strategies, PVI Sun Life has not only got great achievements, but it also significantly contributed to Vietnam’s life insurance market with the direct insurance premium of over VND 1,000 billion, increasing the overall revenue from new business by 46% year-on-year, and is the first life insurer in Vietnam with profit after its first-year of operation. **In the reinsurance segment**, PVI Re continues as the pioneer in international integration by being included in the Talanx Security List. In addition, PVI Re’s operation in the model of joint-stock company will be the stepping stone for PVI’s larger scale and financial capacity, and more professional reinsurer business. Moreover, that **PVI Tower** has been completed and put into service provides evidence again for the brand and position of PVI with the leased area of 70%, and contributes to promote PVI as a spotlight of office-for-lease segment in the real estate market.

To achieve above outcomes, PVI leaders and staff have been making tireless efforts to overcome difficulties, develop the company, and effectively contribute to the country economy in order to deserve the proud title **Hero of Labor**. Looking back at 2013, PVI is proud that the brand “The flame of trust” has been alongside in insurance programs for most key national projects, it is the pioneer in international integration of the reinsurance market, and attached to the image of a Grade A office building, namely PVI. It is prouder that such brand has been highly appreciated again by national and international financial institutions and clients, and gained the trust of the Party, State and Public by achieving a noble reward, “**the Third-class Independence Medal**”.

In 2014, it is expected that Vietnam’s economy will see its recovery, with the Government’s targets of GDP growth and inflation of 5.8% and 7% respectively. Vietnam’s economy continues facing internal reorganization, including state-owned enterprises restructuring in the direction of enhancing equitization, focusing on core businesses, improving capacity of corporate governance, making it transparent in accordance with international rules. As the pioneer in restructuring, *PVI will proceed to actively and intensively complete the restructuring model in line with professional governance model and in accordance with international*

standards, supporting the sustainable development of the whole network in long-term. In particular:

- Establishing PVI Asset Management Company to enhance the effective and professional fund management in the whole PVI system.
- Researching the measures of to equitize PVI Insurance in accordance with the laws to increase competitiveness and retention of positive risks, contributing to enhance insurance business performance of the whole system.
- Increasing the capital to PVI Sun Life with a view to becoming the leading life insurance company in terms of pension products.
- Developing the plan of charter capital injection of PVI Re in order to promote the professional and effective reinsurance business, and focusing on promoting reinsurance of the international market.

For successful completion of planned duties in 2014, PVI is required to work out the advantages and challenges in order to define development strategies in each sector, maintaining the sustainable development with the following specific measures:

- Enhancing the performance of network governance and management, risk management, providing services in compliance with international standards, ensuring transparency and profession to adapt to changes in the network restructure.
- Working out the overall marketing strategy for the whole network, developing and raising the PVI brand to a higher level in the national and international market, maintaining international credit rating at B+ (Good) by A.M. Best for insurance companies and raising to B++ for reinsurance companies; continuously improving the service quality, developing and standardizing products to international standards, satisfying demands and risk-bearing capacity of each client, enhancing advisory and after-sale services quality.
- Continuously improving the quality of human resources, reviewing and recruiting highly qualified employees, enhancing professional and well-organized training. In addition, focusing on building IT infrastructure to timely satisfy requirements of governance and business operation of the whole network.

From 2014, the intensive and extensive integration of Vietnam in the world’s economy has been showing the proper strategic vision of PVI through its strong restructuring to satisfy strict requirements of the international finance - insurance market. Vietnam’s joining Trans-Pacific Strategic Economic Partnership Agreement (TPP) and entering into Free Trade Agreement with EU bring opportunities to PVI for new achievements. With outstanding vision and thought, as well as the ability, knowledge and ambition of PVI Leadership and staffs, I do believe that PVI will find out opportunities from difficulty and map its own way to hit ‘new mountain tops’, making its desire of becoming an insurance - finance institution with well-known brand in national and global market come true.

Finally, for and on behalf of PVI Management, I would like to express our best wishes and sincere thanks to the Leaders of the Party, State, Government, Ministries, and Agencies, especially the Leaders of Petrovietnam for your supports and directions during every stage of PVI’s development, also to PVN affiliated companies, our foreign strategic shareholders, customers, domestic and foreign partners and PVI’s staff for your support, trust and contribution to the persistent shining of PVI, “The flame of trust”.

Sincerely,

Bui Van Thuan
CEO of PVI Holdings

FOUNDATION AND DEVELOPMENT

1996



On 23 January 1996, **PetroVietnam Insurance Company** was established as a captive insurance company for the oil and gas industry, managing all the industry's domestic and international risks and assets.

2005



On 05 July 2005, PVI was awarded Third class Labor Medal.

2006



Following the move to a market economy, **PVI was equitized** through a series of structural governance and strategic business changes and was renamed PetroVietnam Insurance Joint Stock Corporation. It can be said that the PVI road to success began here.

On 30 December, **PVI's successful public - listing** on the stock exchange, setting a new record for share subscription on IPO.

2009



On 19 June 2009, PVI was awarded Second class Labor Medal.

2010



On 21 September 2010, PVI was awarded First class Labor Medal.

PVI **became the first** Vietnamese insurance firm to receive a **financial strength rating of B+ (Good)** from the respected **A.M. Best** rating agency.

Becoming a strategic partner of **Oman Investment Fund (OIF)** in 2010 and participating in a series of projects, PVI confirmed its number one position in the Vietnamese insurance market, leading to **World Finance** Magazine (U.K.) naming PVI the **"Best Insurance Company in Vietnam"**.

2011



On 27 May 2011, PVI was honored by the State President with the title Hero of Labor.

In August 2011, **PVI successfully restructured** to operate on the Parent (PVI Holdings) Subsidiaries model with two subsidiaries operating across insurance sector (PVI Insurance Corporation and PVI Reinsurance Company).

In November 2011, **PVI became a strategic partner of Talanx Group** (Germany).

2012



Following restructure plan, PVI Holdings prepared actively to establish **PVI Sun Life Insurance Company Limited** and **PVI Asset Management Joint Stock Company**.

PVI Sun Life, of which PVI Holdings owns 51% and **Sun Life** the remaining 49%, aims to become **a leader in the life insurance market of Vietnam**.

In July 2012, PVI Holdings **increased the charter capital to VND 2,342 billion** thanks to the share subscription agreement with **Talanx Group**.

2013



PVI continues to complete the business management model in line with the restructuring model.

PVI Sun Life officially launched on 12 March 2013, in Hanoi, and on 16 June 2013 in Ho Chi Minh City. PVI Sun Life completed all system to put the company into full operation and started to sale in June 2013.

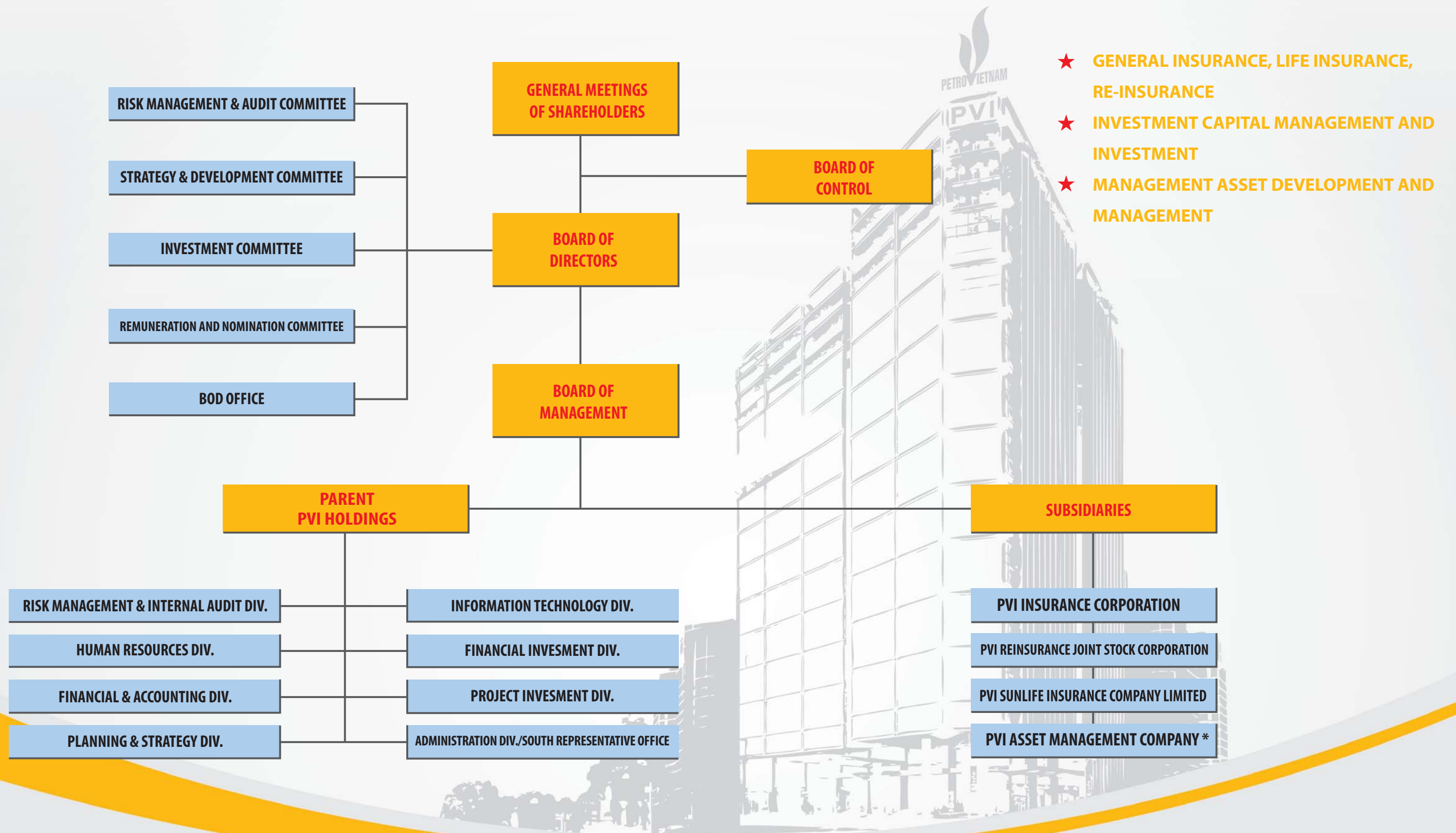
PVI became the first enterprise in Vietnam to have the subsidiaries operating in all insurance sectors: General Insurance, Life Insurance and Re-insurance.

In 2013, PVI Reinsurance Company completed to transform the existing operation model, and officially put into operation as a Joint-stock Company under the name of PVI Re J.S.C with charter capital of 668 billion VND, of which 68.86% held by PVI. Recently, PVI Re has been officially included in Talanx's Security List.

In 2013, PVI was highly appreciated by many creditable local and international organizations, for examples, PVI was given a rating of B+ (Good) by A.M. Best with respect of insurance and reinsurance, and voted by Forbes Vietnam magazine to be one of 50 best posted companies on Vietnam Stock Exchange.



On 27 December 2013, PVI was very honor to be rewarded with the Third-class Independence Medal by the Party and State.



*To be established in 2014

BOARD OF DIRECTORS



MR. ULRICH HEINZ WOLLSCHLÄGER
Member of BOD

MR. NGUYEN KHUYEN NGUON
Member of BOD

MR. DUONG THANH DANH FRANÇOIS
Member of BOD

MR. NGUYEN ANH TUAN
Chairman

MR. BUI VAN THUAN
CEO/Member of BOD

MR. TON THIEN VIET
Vice Chairman

MR. TUNG SING LAU
Member of BOD

MR. BADRI NARAYANAN SATHANA KRISHNAN
Member of BOD

BOARD OF MANAGEMENT



MR. TRAN VAN QUY
Deputy CEO

MR. TRUONG QUOC LAM
Deputy CEO

MR. NGUYEN NGOC MINH
Deputy CEO

MR. BUI VAN THUAN
Chief Executive Officer
Member of BOD

MR. PHAM KHAC DUNG
Permanent Deputy CEO

MR. PHAM ANH DUC
Deputy CEO

MR. VU VAN THANG
Deputy CEO

MR. PHUNG TUAN KIEN
Chief Accountant



MR. GERARD AMAL WAHAB
Member of BOC

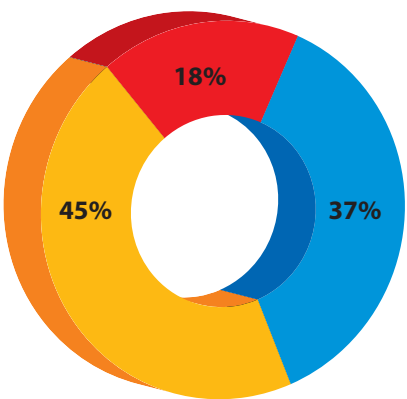
MR. OLIVER MASSMANN
Member of BOC

MS. HA LAN
Head of Board of Control

MR. JENS HOLGER WOHLTHAT
Member of BOC

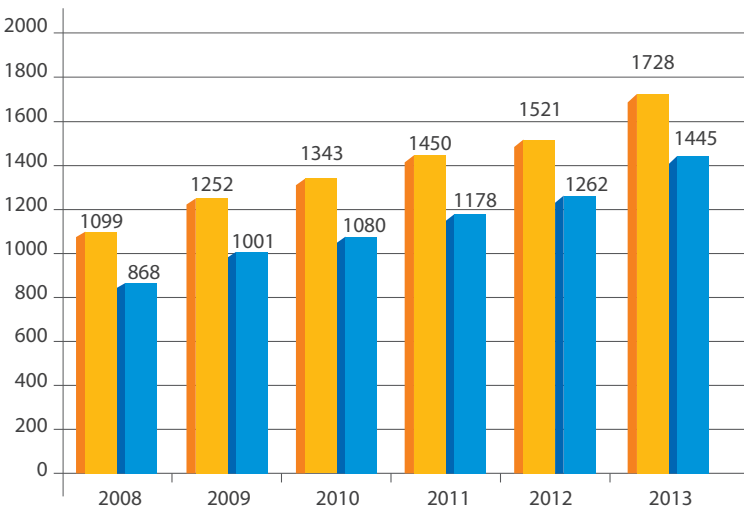
MS. PHAN THI THU HUYEN
Member of BOC

WORKING AGES YEAR 2013



- employees below 30
- employees 30 - 39
- employees 40 and above

PVI HR GROWTH CHART 2008 – 2013:



- Total workforce
- Total number of employees with tertiary education or higher

In 2013, PVI continued to implement the Restructuring plan actively and successfully thus got the following result:

I. ORGANIZATIONAL STRUCTURE:

1. THE PARENT COMPANY:

PVI Holdings structure was divided in two levels: The parent company performing the function of corporate governance and its subsidiaries do business administration. To continue to improve the organization structure of the parent company with function of investing capital in subsidiaries, financial services firm and other financial fields, in 2013, the parent company supplementary established Investment committee and Remuneration & nomination committee with purpose to enhance corporate governance function in PVI Holdings. In addition, all Function Division to assist executive committee also compact with clear of assignment, duties and

non-overlapping. Thereby, PVI Holdings has completed the structure of the management and approach to application of international standards in the governance. All corporate governance activities have been implemented closely and effectively.

2. SUBSIDIARY COMPANIES:

* **Completing to transform the existing operation model of PVI Reinsurance Company:**

PVI Reinsurance Joint Stock Corporation received the License on Establishment and Operation on 1st Oct 2013 and has officially operated under the model of joint stock Corporation with the charter capital is VND 668 billions. PVI own 68.86% of PVI Re's charter capital.

* **According to the strategy for investing in 04 core business lines.**

* **To complete the equitisation of PVI Insurance Corporation.**



II. HUMAN RESOURCES:

As of 31 December 2013, the total number of employees at the parent company and its subsidiaries (PVI Insurance Corporation, PVI Reinsurance Joint Stock Corporation) was 1,728 people.

2011 the total number of employees in the whole PVI was 1,450 people, including:

- Parent company - PVI Holdings: 100
- PVI Insurance: 1,318
- PVI Reinsurance: 32

2012 the total number of employees in the whole PVI was 1,521 people, including:

- Parent company - PVI Holdings: 103
- PVI Insurance: 1,376
- PVI Reinsurance: 42

2013 the total number of employees in the whole PVI is 1,728 people, including:

- Parents company - PVI Holdings: 109
- PVI Insurance: 1,568
- PVI Reinsurance Joint Stock Corporation: 51

SHAREHOLDERS’ INFORMATION AND INVESTOR RELATIONS

PVI’S SHAREHOLDER STRUCTURE

No.	SHAREHOLDER	ADDRESS	BUSINESS LINE	NUMBER OF SHARES	PERCENTAGE OF EXISTING SHARES
1	PETROVIETNAM GROUP (PVN)	18 Lang Ha, Hanoi	Petroleum, investment	831,497,400	35.50%
2	HDI-GERLING VERSICHERUNG AG (TALANX)	The Federal Republic of Germany	Insurance, Finance	745,315,030	31.82%
3	FUNDERBURK LIGHTHOUSE LIMITED (OIF)	Oman	Investment Fund	271,178,950	11.58%
4	PVCOMBANK	22 Ngo Quyen, Hanoi	Finance	145,932,430	6.23%
5	OTHER SHAREHOLDERS			348,495,400	14.88%

In recent years, PVI has focused on investor relationship. PVI always considered shareholders as actual owners of the company. Activities organized to enhance strong relationship and build long-lasting confidence between PVI and investor have contributed greatly to the PVI’s development. Confidence and involvement between shareholders and the company will help PVI to have more long-term capital resource for development and the real value of PVI’s shares will be preserved by investors.

Core value appearing throughout PVI’s shareholder relations activities is satisfying all legitimate rights and interests of the shareholders and ensuring equal treatment within shareholders. As a public company with shares listed at Hanoi Stock Exchange (HNX), PVI always strictly complies with information disclosure requirements of State Security Commission of Vietnam and HNX. Information of business results, financial data, management, and transactions of shares of main shareholders always is updated on the company’s official website (www.pvi.com.vn) as well as on the media. Besides, PVI also focuses on information of sustainable development plan and social

responsibilities of the company. PVI is willing to provide multi-dimensional information so that shareholders and investors could have a comprehensive view of the business.

In recent years, PVI’s shareholder relations department has performed its role successfully to be the effective bridge between shareholders, investors and the enterprise. The Annual General Meeting of Shareholders is not the only place where shareholders have chance to directly discuss with the company, PVI Holdings is always willing to discuss with shareholders and interested investors and to organize meetings, exchanges to Investors, Funds, domestic and international financial institutes in order to receive and answer questions, provide information of PVI’s business performance, development strategies. PVI Holdings’ shareholders either organizations or individuals, major shareholders or other shareholders are always welcomed and receive open sharing and corporation. Queries and comments of shareholders via telephone or emails are always responded quickly by PVI. Besides, PVI Holdings has issued periodically Annual Reports, Financial statements helping investors to get an



inside look at the company.

With strategic principle of transparency, security and effectiveness, PVI Holdings commits to bring the highest interests to its shareholders.

In 2013, the world and Vietnam economies experienced a difficult period, resulting major losses in business community. Number of businesses with suspended operations is increasing, many investors withdraw investment capital and get out of the market. However, in such a difficult context, our shareholders, especially major shareholders still remain the confidence and long-term commitment with PVI Holdings.

With those efforts, in 2013, other than strategic partners such as Talanx Group (The Federal Republic of Germany), OIF Foundation (Oman) PVI has established cooperation relationship with Sun Life Financial (Canada). As in signed agreement, PVI Sun Life Insurance Company Limited has been established with 51% of charter capital is of PVI and 49% of Sun Life Financial. Accordingly, Sun Life Financial officially became PVI’s foreign strategic partner in life insurance sector.

In 2014, PVI is going to promote further activities in relations of investor and shareholders, enhance information transparency and receive feedbacks to further complete business management through particular activities as follows:

- **Enhancing operation capability and close coordination between Public Relations and Board of Business Management so that investors could get more useful information.**
- **Upgrading the company’s website, keeping domestic and international investors updated with company’s financial information**
- **Cooperating with communication agencies, information channels specialized in economy, insurance, finance, securities in order to broadly disseminate information to investors.**

PVI commits and states that its operation principle focuses on interests of Investors and Shareholders - who have companied with PVI on the development way in the past and also in coming years.

COMPANY'S SUBSIDIARIES



PVI INSURANCE - SUCCESS HAS BEEN AFFIRMED

MORE THAN 2 YEARS HAVE PASSED SINCE THE RESTRUCTURING. PVI INSURANCE HAS ACHIEVED A LOT OF SUCCESSES AND AFFIRMED ITS PRESTIGE AND LEADING POSITION IN THE IN NONE-LIFE INSURANCE MARKET. IN 2013, PVI INSURANCE IS ONE OF FEW INSURERS IN THE MARKET ACCOMPLISHING ITS BUSINESS PLAN WITH TOTAL REVENUE OF VND 6,082 BILLION AND PROFIT OF VND 482 BILLION.

Successes presented in figures

The most outstanding success in 2013 was the key milestone when PVI Insurance first time ever surpassed total revenue of VND 6,000 billion and achieved the highest underwriting profitability in the non-life insurance market in Vietnam. In 2013, PVI Insurance got **the total revenue of VND 6,082 billion, growing 11.5%** compared to last year; in which, **direct insurance premium was VND 5,100 billion, representing an increase of 9.5%** that was higher than the market average growth. **Profit before tax of PVI Insurance was VND 482 billion, which is a rise of over 6%.** As a consequence, PVI Insurance obtained 21% market share in the non-life market, affirming the leading position in Energy, Property and Marine sectors and being the best retail insurer in Vietnam.

The highlights of business results in this year was a significant growth of the retail businesses of PVI Insurance compared to 2012, which was over 16%, higher than the market average growth. PVI Insurance was the insurance company who has been most actively promoting the retail businesses in the past year.

Successes in promoting business development

In 2013, apart from its successful renewal for 100% policies issued in Oil & Gas sectors, PVI Insurance has successfully implemented and provided consulting insurance services to other areas such as power projects,

FDI / ODA foreign investment projects, the infrastructure projects of the Ministry of Transportation or in the aviation sector, etc.

Two most remarkable projects of PVI Insurance in 2013 include: Project **"Lai Chau Hydropower Plant"**- an important project with the largest scale in Vietnam and the most significant hydropower project in Southeast Asia with total sum insured of approximate VND 14,700 billion; Project **"the Steel Complex Project and Deepwater Post Son Duong Formosa"**- the largest foreign investment project in Vietnam with high technical complexity, located in disaster-prone areas, and requiring extensive insurance coverage. PVI Insurance had to join in a competitive bidding with numerous large insurance groups in the world including the leading insurance groups in Taiwan, however thanks to financial capacity rated internationally and experiences of key positions, PVI Insurance has been selected as the leader for the entire project.

With regards to claim settlement, PVI Insurance has settled clients' claims quickly and accurately, which benefits clients in maintaining financial security and stabilizing their businesses in difficult economics.

In the international market, in 2013, PVI Insurance continued to be rated B + (Good) by A.M. Best, the global leading credit rating organization. In this rating season, AM Best has improved the rating outlook of PVI Insurance from "Stable" to "Positive" despite global economic recession and limited sovereign rating outlook (Stable).

Success in bringing values to customers

Although being the No. 1 industrial insurer of the local market, PVI Insurance always aims to further develop its retail businesses, to expand its market and improve service quality towards our business philosophy of "Customers' satisfaction is our measure of value". This has been reflected in our best efforts in improving service quality to ensure absolute satisfaction of customers during the past periods.

In 2013, PVI Insurance has launched an online sales channel at <http://pvionline.com.vn> with outstanding features, providing quick and convenient services to our customers. Besides, the opening of customer services centres (the PVI Contact Center 24/7) and Direct Billing



& Claim Handling Center (in Hanoi and Ho Chi Minh City) has reaffirmed PVI Insurance's commitment to improve its after-sales service quality. With these promotion activities, PVI Insurance is one of the few insurance companies in the market who offer a full package of after-sales utilities to customers.

Aggressive ambitions in 2014

The impressive business results in 2013 are also the leverage for our long-term growth in the coming years. In 2014, PVI Insurance targets to be the leading insurance retailer of Vietnam by obtaining a total revenue growth of 7% while diversifying the distribution channels and focusing on continuous customer services enhancement. In particular, significant tasks are approved by the BOM of PVI Insurance as followed:

Firstly, maintaining the No. 1 industrial insurer of the local market, affirming the leading position in Energy, Property and Marine sectors.

Secondly, premium from retail businesses increases at least 16%, accounting for 40-45% direct insurance premium while securing underwriting profitability.

Thirdly, enhancing inward reinsurance businesses and deploying oversea outward reinsurance activities, especially improving inward reinsurance activities from strategic foreign shareholders.

Fourthly, striving for improvement in international Rating up to (B++).

Fifthly, preparing an equitization plan as directed by PVI Holdings.

With great efforts, strong solidarity, inheritance tradition and achievements, PVI Insurance leaders are confident in accomplishing business goals in 2014 and continues building PVI Insurance to become an insurer with good reputation and brand awareness in the domestic and international insurance market./.

PVI INSURANCE'S 6 LARGEST EVENTS IN 2013

- ★ **REACHING TOTAL REVENUE OF VND 6,082 BILLION;**
- ★ **REVENUE FROM RETAIL BUSINESSES ACHIEVING THE GROWTH RATE OF OVER 16%;**
- ★ **ENJOYING THE HIGHEST PROFIT BEFORE TAX AND UNDERWRITING PROFIT AMONG THE NON-LIFE INSURANCE MARKET;**
- ★ **DEPLOYING ONLINE SALES VIA PVIONLINE.COM.VN;**
- ★ **LAUNCHING THE PVI CONTACT CENTER AND THE DIRECT BILLING & CLAIM HANDLING CENTER IN HANOI AND HO CHI MINH CITY IN ORDER TO IMPROVE AFTER-SALE SERVICES;**
- ★ **INCREASING CHARTERED CAPITAL TO 1,850 BILLION VND.**



PVI REINSURANCE JOINT-STOCK CORPORATION (PVI RE) - STRENGTHEN ITS BRAND NAME IN THE INTERNATIONAL MARKET.

Being launched in September/2011, PVI Re - subsidiary of PVI Holdings (PVI), under the Petro Vietnam Group, has rapidly commenced into operation with strategies to become a professional reinsurance company. Inheriting the achievements of PVI, PVI Re has taken this advantage in designing its products and services and quickly gained customer trust and loyalty. A great evidence of this is that after only 8 months in operation, PVI Re was rated **B+ (Good)** with regards to financial strength rating (FSR) and bbb- (sufficient capacity) with regards to issuer credit rating (ICR) by **A.M. Best**. The event also officially made PVI Re the first and only reinsurance company in Vietnam that was rated on international financial capability, it is an advantage for PVI Re to move closer to a prestigious reinsurance company brand name.

Over 3 years in official operation, PVI Re has experienced tremendous growth with revenue from inward reinsurance reaching 1,000 billion dong in 2012. End of 2013, PVI achieved **revenue of 1,631 billion dong**, increased by 30% in comparison to 2012, profit before tax is estimated at 79 billion dong, an increase of 153% compared with 2012. Not only exceeding the revenues target, in 2013, PVI Re has also completed the process of **capital increase from 460 billion dong to 668 billion dong**. PVI Re has successfully maintained Rating B+ by A.M. Best with positive outlook and being approved in the **Security List of Talanx**, Hannover Re, and Aon Benfield. Accordingly, PVI Re will be given priority to participate in reinsurance programs from leading insurers, reinsurers, with territory expanded to all continents.

In October 2013, the company was licensed by the Ministry of Finance to become **PVI Reinsurance Joint-stock Corporation**. According to proposed plan, PVI Re shall continue to increase its capital to over 825 billion dong in early 2014 and complete the capital increase to 1,100 billion dong in the following year.

SUBSIDIARIES (Continued)

In 2013, besides the domestic market, the company continued to promote exploitation of inward reinsurance from overseas such as: Singapore, South Korea, Middle East, India, and gradually expand the search for new markets such as Myanmar, Indonesia and South Africa...

Besides the obtained business results, life of the employees and staffs have been improved, with dynamic, modern working environment. Charity and other social activities are enthusiastically engaged in by PVI Re staffs. In 2013, PVI Re has organized for 468 staffs and specialists participating in professional training.

In 2014, with the new operating model, PVI Re continues to provide reinsurance capacity with high quality services to best meet the requirements of the reinsured. Besides, PVI Re shall implement measures to Increase Credit Rating to B++.

PVI Re continues to promote the improvement of product quality, improvement of customer services quality, construction of information technology system and improvement of human resources quality. PVI Re always focuses on technical consulting and professional exchange with the original insurance company to ensure safety in the exploitation of the original insurance companies, which differentiating PVI Re from others in the reinsurance market in order to create competitive advantage. Not being passive when receiving reinsurance requests from the original companies after they finish exploitation, PVI Re will be the professional consultant helping original companies to have efficient exploitation direction in the context of current difficulties.

With the above positive factors, along with the maintenance of credit rating by A.M. Best, PVI Re has, is and will create a strong growth momentum, conquering greater goals in sight and aspirations to become a professional, efficient and prestigious reinsurer in the region and all over the world.



PVI SUN LIFE INSURANCE COMPANY LIMITED

On January 24th 2013, PVI Sun Life, with charter capital of VND 1,000 billion, was granted by the Ministry of Finance with the Establishment and Operation License No. 68/GP/KDBH to run its business in life insurance sector. PVI Sun Life Head Quarter located on 20-22 Pham Ngoc Thach Street, Ward 6, District 3, Ho Chi Minh City.

With the official launch of operation of PVI Sun Life, PVI has fulfilled the third backbone of its business model - the life insurance sector. The development strategy of PVI Sun Life aims to become the leading player in Vietnam insurance market through leveraging the strengths of both partners: the reputation, brand name and local know-how of PVI Holdings and the global expertise of Sun Life Financial in life insurance and risk management. Thanks to this combination, PV Sun Life will deliver the outstanding products and services to its clients.

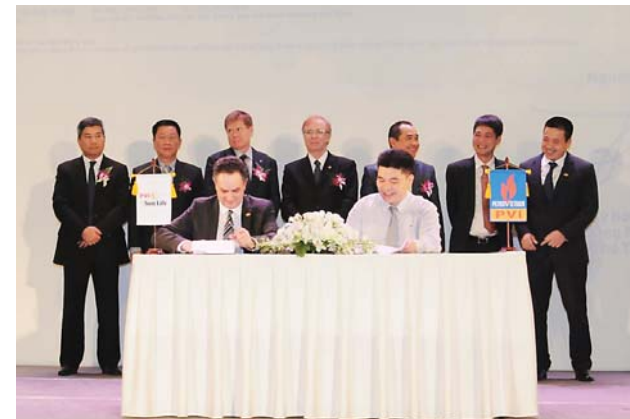
After 6 months of operation from the establishment date, PVI Sun Life has built up the broad network with over 3,400 agents nationwide and branch offices in Hanoi, Danang, Ho Chi Minh City, and 6 sales offices in Haiphong, Vinh, Quang Ngai, Nha Trang, Binh Duong, Vung Tau and 16 transaction offices across the country.

In addition to the agency channel, the products of PVI Sun Life are also provided to the clients through the professional Corporate and Insurance Advisor sales forces. In 2014, PVI Sun Life will expand its distribution channels to offer products, services in more convenient manner for customers.

The mission of PVI Sun Life is to help its customers achieve their financial goals and it has launched various highly competitive products into Vietnam life insurance market. Bao An Toan, Bao An Binh, Bao Nhan Tri, Bao An Phu and Bao An Phuc have been designed and released to offer the diversified financial plan for different stages in life. These products have contributed the premium revenue of over 1,000 billion in 2013, helps PVI Sun Life enter the top 3 insurers of NBV in market.

In 2014, PV Sun Life has added Pension product to its product portfolio. The client can completely count on its voluntary pension product since PVI Sun Life program is always managed effectively through local financial market of PVI Holdings as well as 150-year expertise of Sun Life Financial in pension fund and global financial management.

Thanks to the best support of PVI and Sun Life Financial and the outstanding efforts in laying the ground for its business operation in 2013, PVI Sun Life has been ready to achieve the best performance in 2014.



PVI SUN LIFE LAUNCHED PRODUCTS

PERSONAL ACCIDENT REFUND OF PREMIUM (PA ROP)

Bao An Toan provides the financial protection against the risks of accidents. Whereas accidents are unforeseen events, protecting your family finance is completely achievable with Bao An Toan, which provides your loved ones with financing should accident happens to the breadwinner, as well as provides support to hospital fee due to accident. If there is no claim for insurance benefits within the policy period, total 100% paid premium will be returned to customer.

TERM REFUND OF PREMIUM (ROP)

Bao An Binh provides you the firm financial protection in the case of occurrence of death or total and permanent disability (TPD) during the whole contract period.

EDUCATIONAL ENDOWMENT

Bao Nhan Tri is designed to provide parents financial planning for their children's education, which is the most valuable asset they give their children. Each policy is developed to match your children's specific educational demand. You will be able to take care of your children's study even if the risk happens.

UNIVERSAL LIFE - WHOLE LIFE (UL WHOLE LIFE)

Bao An Phuc is a long-term saving product that can meets customers' needs at all stages in life. With the flexible features, Bao An Phuc offers customers a full range of choices in customizing their financial plan for each stage throughout the whole life and allows the customers to build up a comprehensive plan for protection and saving for their family and themselves. Bao An Phuc enable you to achieve your goals by the most effective and shortest pathway.

3 PAY UNIVERSAL LIFE (UL 3-PAY)

Bao An Phu provides the saving solution meeting the customer's goals on different financial plans while protecting your family against the risks. With the premium payment period of 3 years only, you will have the financial protection in the next 10 years. A short-term commitment for a long-term benefit, that's the message of Bao An Phu to its clients.

3-PAY/10-YEAR ENDOWMENT

With **Bao An Tam**, the customers will always beprotected to be the firm support for their family. With the premium payment period of 3 years only, the customers will have the financial protection in next 10 years. The feature of short-term payment enables this product to fit with all customers, including the newly employed people.

5-PAY/15-YEAR ENDOWMENT

Bao Thinh Vuong provides the efficient saving solution to the customers, helps them to achieve their plans in different stages of the life while the financial resource is secured for 15 years with the premium payment period of 5 years only.



I. CHANGES IN KEY PERSON

Pursuant to Resolution no. 01/2013/NQ-DHDCD by 2013 Annual General Meeting of Shareholders (GMOs) of PVI on April 25, 2013;

- Mr. Ulrich Heinz Wollschläger was elected to be a member of Board of Management under proposal of strategic shareholder Talanx.

- Mr. Tung Sing Lau was elected to be a member of Board of Management.

- Mr. Oliver Massmann was elected to be a member of PVI's Board of Supervisors.

II. OPERATION OF BOARD OF MANAGEMENT

The year 2013 has closed with a lot of positive recognitions in macro economic indices, showing a sign of Vietnam's economic recovery. However, there are remaining foundational factors which have not been completely solved. Bank's bad debts, real estate inventory, credit contraction, and low purchasing power, etc keep affecting directly and negatively business community, leading to winding-up and bankruptcy of more than 60,000 enterprises.

In such a context, PVI is considered as a bright point in business community as it have developed sustainably and achieved impressive results beyond almost targets set by General Meeting of Shareholders.

In 2013, PVI's Board of Management has supervised and directed Board of Directors to operate according to regulations, laws and PVI's Company Act, as well as to actively coordinate with Board of Control in enhancing PVI's risks management on performance, particularly:

1. Board of Management has successfully held the 2013 Annual General Meeting of Shareholders (GMOs) and 4 regular meeting of Board of Management. Board of Management has issued 21 resolutions directing and supervising the Executive Board's operation.

2. Directing to reach beyond business criteria for 2013 with high growth rate in all areas, especially in macroeconomy and insurance market which are full of difficulties. PVI Insurance keeps leading in industrial insurance market of Vietnam and exceeds retail revenue record for the first time with VND1,800 billion and growth rate exceeding 16% while growth rate of the whole non-life insurance in Vietnam was at only 7%. PVI Reinsurance Company (PVI Re) has completed equitization and officially operated as a joint-stock company since October 1st 2013. By satisfying international criteria in reinsurance, PVI Re has been selected to Security List of Talanx Group - a global Insurance - Financial Group with head office at The Federal Republic of Germany and a Reinsurance provider of AON Belfied in Asian Pacific. After obtaining license in January 2013, PVI Sun Life Insurance Company Limited has operated effectively and had very positive performance with total revenue of VND 1,000 billion, the 3rd rank in revenue of new exploration.

3. Directing the on-going restructuring according to the plan approved by PVI's General Meeting of Shareholders. In January 2013, PVI Sun Life Insurance Company Limited has obtained License of Establishment and Operation, and PVI Asset Management Company is taking procedures for establishment in coming time.

4. Directing subsidiaries PVI Insurance and PVI Re to maintain successfully the international credit ratings B+ (Good) by A.M. Best, simultaneously target of higher ratings (within next 12 - 36 months) was been adjusted "Stable" to "Positive".

Board of Management also have directed to increase charter capital of PVI Insurance to VND1,850 billion in order to improve capability of maintaining and performance.

5. Directing the completion of the corporate governance model in accordance with international standards by establishing and issuing Regulations on functions and tasks of The Investment Committee and The Remuneration and Nomination Committee. At the same time, Board of Management has approved the supplement to Regulations on functions, tasks and rights of Risk Management & Internal Audit Committee and Planning & Strategy Committee to improve performance of committees. In 2013, Risk Management & Internal Audit Committee has developed "Table of performance assessment criteria applied to the insurance/reinsurance companies"; Planning & Strategy Committee developed "PVI's development strategy for the period 2013-2018".

III. PERFORMANCE OF BOARD OF CONTROL

Board of Control (BOC) of PVI which was elected in Annual General Meeting of Shareholders on April 25, 2013 comprises of 5 members: one head and four members. The members in the BOC are assigned clear and specific responsibilities. Quarterly, the BOC holds regular meetings between the members with the following contents: Review implementation of the recommendations of the BOC in the previous quarter; Exchange and clarification of operating results and financial situation of PVI with representatives of the BOM, the representatives for Executive Board and concerned officials; Unification for assessment and recommendations to PVI and construction, adjustment of operational plans of the BOC. The BOC shall conduct regular supervision of PVI's activities through reports from the professional departments and representatives of PVI in subsidiaries companies and directly examine some relevant records and documents; Coordination with the Audit and Risk Management Committee, Risk Management & Internal Audit Division in developing plans of inspection, supervision and implementation of inspection and supervision.

Contents of inspection and supervision in a year include:

- Supervising management and control functioning of BOM, Board of Directors.

- Supervising implementation of resolutions of General Meeting of Shareholders; resolutions of the BOM and appraisal of the Board of Management's reports.

- Supervising amendment and completion of rules and internal regulations of PVI.

- Inspecting implementation of rules for PVI's representatives in subsidiaries.

- Supervising and assessing implementation of the annual plan, appraisal of financial statements, assessment and analysis of quarterly financial criteria in 2013.

During the process of supervision as well as after each quarter, the BOC shall evaluate, analyze and recommend in business and management process of PVI in order to overcome shortcomings and ensure PVI's business at highest performance level.

IV. COOPERATION IN ACTIVITIES OF THE BOM, BOC AND BOARD OF DIRECTORS

In 2013, the BOM of PVI supervised and directed the Board of Directors (BOD) to implement in accordance with laws and the Charter of PVI. Besides, BOM also cooperated actively with the BOC to strengthen risk management mechanism for the operation of the company.

BOD has run the business and other operating fields of PVI according to the decision of the BOM, ensuring efficiency of cooperation in management activities of PVI.

BOC received good cooperation from the BOM and BOD. The BOD and functional divisions facilitated the physical facilities as well as provided necessary information, documents for the inspection and supervision of the BOC. In addition to enhancement of the periodic inspection, the BOC maintained independence in its activities and improved the quality of work.

V. ORIENTATION FOR COMPLETION OF PVI HOLDINGS GOVERNANCE MODEL

In 2013, under close instruction of BOM, PVI achieved a lot of success. With development strategies based on distinction and strength of domestic and international leading strategic partners, mutual cooperation and confidence background, PVI shall ensure sustainable benefits and effective investment for its shareholders. With bright successes in the recent time, in 2013, PVI is honored to receive Third-ranking Independence Medal awarded by the Party and the State.

The proud achievements in 2013 confirms PVI's correct development strategies, success of corporate restructuring, vision and creativity of PVI's leaders, belief and aspiration of PVI's staff.

In 2014, PVI will continuously implement the restructure plan according to international standards and enhance risk management in the whole system, ensure transparency, security and effectiveness of PVI's operation. Accordingly, PVI shall focus on developing strategy in information technology, human resource development, market development and branding strategy for the whole system. Furthermore, PVI shall complete its final core pillar of business with boosting establishment of the PVI Asset Management Company.



PVI'S STRATEGIC RISK MANAGEMENT

Strategic risk management has the greatest impact on company's ability to implement strategic objectives. Bringing enterprise risk management into the forefront of strategic decision making and execution could thus give enterprises a decisive edge. Being aware of this, PVI has focused on development and application of modern methods for strategic risk management.

Strategies are hypotheses based upon a number of assumptions. Every single element of strategic plan can be influenced-to some extent-by uncertainties. Strategic risks can be defined as the uncertainties and untapped opportunities embedded in company's strategic plan and strategic risk management is company's response to uncertainties and consideration of seizing opportunities

as they arise. As such, they are key matters for the Board of Directors and impact on the whole business. Strategic risk management requires a clear understanding of corporate strategy and the risks which may be triggered from inside or outside company. These occurrences are usually unexpected and become a major distraction, preventing the entire organization from achieving the planned strategic objectives. To address these strategic risks, enterprise must reduce uncertainty by identifying potential strategic risks and increasing knowledge of these risks. Once they are understood, we can develop effective integrated strategic risk mitigation.

Far from holding back the business, strategic risk management is about augmenting strategic management



and getting the full value from company's strategy. PVI's Board of Directors improves their focus on risk by integrating risk management into their routine strategic planning, decision making and monitoring. PVI has established Strategy and Development Committee and Internal Audit and Risk Management Committee under Board of Directors. Accordingly, PVI is developing strategy and development plan model by modeling the impact of the change of key factors (GDP growth, interest rates on deposits, growth of the insurance market, claim rate of the insurance market, PVI's revenue growth, combined ratio, market share growth of PVI, ...). The evaluation was conducted based on three cases scenario (base case, best case and worst case) to help strategy and development

plan of PVI mitigate the impact of the risk arising as well as seize opportunities when they arise.

HIGHLIGHT EVENTS AND TITLES IN 2013



On January 24 2013, Ministry of Finance has issued License No. 68/GP/KDBH to PVI Sun Life Insurance Company Limited. Accordingly, PVI has become the first and only enterprise of which subsidiaries operating in all 3 areas: Life Insurance - Non-life Insurance - Reinsurance in Vietnam. After that, on July 27 2013, PVI Sun Life has organized the “Operation and Sales Launching” of Life Insurance products.

After 3 years of construction with a lot of effort and the highest determination, PVI has held the Opening ceremony of PVI Tower at 168 Tran Thai Tong, Yen Hoa, Cau Giay, Hanoi on January 10, 2014. The event has marked PVI’s new development as a leading Insurance - Financial Institution in Vietnam.



A.M.Best assessed credit ratings perspective of PVI Insurance Corporation and PVI Reinsurance Company Limited in higher level.

On April 11, 2013 – A.M. Best has assigned credit ratings from “Stable” level to “Positive”, also confirmed a financial strength rating B+ (Good) and an issuer credit rating “bbb-” (Adequate capability) to PVI Insurance Corporation and PVI Reinsurance Company (PVI Re).

On January 10 2014, PVI Holdings has signed Cooperation Agreement with Southeast Asia Commercial Joint Stock Bank (SeABank) and Samsung Vina. On the basis of promoting strength points of each party in its field, the signed Cooperation Agreement will contribute to the performance improvement, and satisfy PVI’s development strategy.



On October 1st, 2013, PVI Re was given with the License for Establishment and Operation No. 86GP/KDBH and officially put into operation as a Joint Stock Company under the name of PVI Reinsurance J.S.C with charter capital of VND 668 billion.

On January 15 2014, PVI Holdings (PVI) was honored to receive the Third - Class Independence Medal by the Party and the State. With 18 years of development, PVI - former PetroVietnam Insurance Company - today becomes a leading Insurance - Financial Institution in Vietnam. The ceremony of receiving the Third - Class Independence Medal was held at PVI Tower (PVI’s new head office) at the address 168 Tran Thai Tong street, Yen Hoa ward, Cau Giay district, Hanoi.



THANKS TO PROPER DEVELOPMENT STRATEGY AND EFFECTIVE BUSINESS SOLUTIONS, PVI HAS SUCCESSFULLY EXCEEDED ALL THE PLANNED TARGETS IN 2013. WITH 18 YEARS OF DEVELOPMENT, THIS IS THE FIRST TIME THE TOTAL REVENUE OF PVI EXCEEDED VND 8,000 BILLION. WITH SUCCESS OF THE RESTRUCTURING, PVI BECOMES A MODEL FOR MANY DOMESTIC ENTERPRISES IN MOBILIZING THE FOREIGN CAPITAL TO DEVELOP STRATEGIC PLANNING. PVI STRIVES TO BECOME INSURANCE - FINANCE GROUP WITH PRESTIGIOUS AND INTERNATIONAL BRAND NAME.

THE CONSOLIDATED BUSINESS RESULTS:

- * Total revenue in 2013 of PVI hit **VND 8,074 BILLION**, up 26% compared to that of 2012, in which:
 - Revenue from insurance activities: **VND 7,388 BILLION**, up 31% compared to that of 2012.
 - Revenue from financial activities: **VND 734 BILLION**.
- * Profit before tax: **VND 538 BILLION**.
- * Profit after tax: **VND 355 BILLION**.
- * Payable to State budget: **VND 570 BILLION**.
- * Equity VND 6,175 billion.
- * Total assets VND 12,399 billion.
- * PVI Insurance surpassed **VND 1,800 BILLION** revenue in terms of retail business, reporting a premium growth of more than 16%.
- * Total revenue of PVI Sun Life reached **VND 1,024 BILLION, RANKING THE THIRD POSITION** in life insurance market in term of new business premiums.
- * Total revenue of PVI Reinsurance Joint-Stock Corporation: **VND 1,631 BILLION**, getting the growth of 30% compared to 2012.

THE PVI HOLDINGS' BUSINESS RESULTS:

- * Total revenue reached: **VND 632 BILLION**.
- * Profit before tax: **VND 281 BILLION**.
- * Profit after tax: **VND 281 BILLION**.
- * Expected dividend percentage of 10% to shareholders (higher than its target of 9% as committed to the General Meeting of Shareholders).



PVI'S OVERALL GOALS ARE:

PVI STRIVES TO BECOME INSURANCE-FINANCE GROUP WITH PRESTIGIOUS AND INTERNATIONAL BRAND NAME, TOP SERVICE QUALITY AND SUSTAINABLE DEVELOPMENT.

PVI WARRANTIES TO SUPPLY CLIENTS WITH HIGHEST QUALITY PRODUCTS, BRING HIGHEST RETURN ON INVESTMENT TO THE SHAREHOLDERS, CONTINUOUSLY IMPROVE EMPLOYEE'S LIFE MATERIALLY AND MENTALLY, AND CONTRIBUTE MORE AND MORE TO THE SOCIETY.

PVI OPERATION PRINCIPLES ARE: TRANSPARENCY - SECURITY - EFFICIENCY.

- Keeping on completing and improving efficiency of management system, enhancing risk management.
- Putting the PVI Asset Management Company into operation, completing PVI's operation model under strategic orientation.
- Maintaining and rising credit ratings in international scope to level B+ for PVI Insurance Corporation and level B++ for PVI Reinsurance Joint-Stock Corporation (PVI Re).
- Keeping on deploying the charter capital increasing approach to PVI Re and PVI Sun Life Insurance Company Limited in order to enhance financial capability, supporting performance of insurance business for the whole system.
- Researching the equitization plan to PVI Insurance Corporation for capital diversity, charter capital increasing, competitiveness improvement.
- Establishing and developing brand name for the whole system of PVI and its subsidiaries through improving service quality, developing products and designing an integrated marketing strategy for the whole system.
- Focusing on building experienced Human Resource staff with high qualification to meet development requirements of the system.
 - Strengthening monitoring, employee quality assessment for the right choice of employee arrangement.
 - Developing a young, passionate, and trained officer's staff to promptly meet system development requirements.

- Enhancing corporation in employee training with foreign business partners.
- Improving IT infrastructure:
 - Completing IT system used for life insurance and reinsurance sectors.
 - Strengthening corporation with strategic partners Talanx and Sun Life Financial for experience exchange and advanced technology transfer supporting greatly to insurance exploration and management under international model.
- Supporting timely subsidiaries in strengthening business, network expansion, development of products in all 3 sectors: non-life and life insurance and reinsurance.



Considering Human as one of three core values, PVI always focuses on developing its most valuable property - human resource. In 2013, PVI's Trade Union and employees have made their efforts to overcome all difficulties and challenges to fulfill successfully their assigned tasks.

At present, total employees in the Parent Company and its subsidiaries companies have developed to more than 1,700. PVI's employee's life is being more and more improved. In 2013, the average income is VND 17.8 million/person/month in the whole PVI system. Together with the Leadership, all-level labor unions have successfully performed its role of consulting, applying policies involving in employees, supporting job creation, and income stability, ensuring social, healthcare, unemployment insurance policies under the State's regulations, maintaining human insurance acquisition for all officers and employees with high responsibility (PVI Care) from welfare fund.

In addition, PVI also frequently organizes activities such as: taking care, encouraging employees in cases of illnesses, pregnancy, funeral, marriage, and gift-giving on the occasions of 8/3, 20/10, 27/7, 22/12, and games,

granting to excellent students who are PVI employee's children on occasion of International Children's Day on 1/6, Mid-Autumn Festival, etc.

Working conditions of PVI employees are also paid attention. PVI's head office and its branches are usually upgraded, repaired, maintained so that facility is ensured to meet regulated standards. In December 2013, PVI Tower is officially opened and put into use. Thereby, PVI's head office has been transferred to PVI Tower, 168 Tran Thai Tong street, Cau Giay district, Hanoi city instead of the old office at 154 Nguyen Thai Hoc street. With the most updated facilities from leading brand name companies in the world, environmentally friendly design and distribution of green space, PVI Tower shall bring the most modern and highest grade working conditions to PVI's employees.

Along with ensuring working conditions for employees, PVI's Trade Union also focuses on improving employee's life mentally. In 2013, the Union has marked an important point in coordination in organizing successfully "PVI's cultural and sports festival" in the North, Centre and the

South of Vietnam. The Final round was taken place at Hanoi with more than 1,000 participants in: tug of war, football, badminton, table-tennis, tennis and art activities. The PVI's cultural and sports festival has brought tickling but gracefully and contributive competing moments, and impressive and special art performance, all of them have enhanced friendship and team spirit between subsidiaries. Also in 2013, PVI's Youth League has organized successfully "PVI's Youth Camp-fire" with slogan The Everlasting Flame of Trust. These activities leaving good memories in each and every PVI's employee have contributed to PVI's cultural development, encouraged team spirit and enhanced business operations of each subsidiary.

Inheriting and promoting good tradition accumulated over many years, PVI is continuously promoting social activities. PVI's staff with high spirit and willingness has actively responded to gratitude activities, supports to flooded people, supports for social security funds such as Mutual Aid Fund in Petroleum field, Fund for Youth, Teammate Assistance Fund, Viet Fishermen Assistance Fund, building Houses of Gratitude, supporting maintain Vietnamese Heroic Mothers, and other social activities. Total supports in cash and in kind that PVI's staff has contributed to social activities in 2013 is more than VND16 billion.

Groups and organizations in PVI have promoted their power and roles in coordinating with PVI's Leadership and PVI's staff to build a strong and solidary group. In 2014, PVI's Trade Union will continue enhancing its role to contribute to PVI's development.



SOME SOCIAL RESPONSIBILITY HIGHLIGHTS:

- The Blood Donation Day of PVI in 2013.
- PVI granting 2,200 gifts on occasion of Tet holiday in total of VND 1.1 billion to poor people in Quang Ngai province.
- Supporting flooded people in Quang Ngai with more than VND 530 million.
- Providing 30 insurance packages to fishermen with total insurance value of VND 300 million/insurance package
- Providing 30 Viet Fishermen Insurance packages to fishermen in Quang Ngai, Quang Nam, Binh Dinh, Da Nang provinces with total insurance value of VND 9 billion.
- Contributing VND 700 million to Golden Heart Foundation.

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STATEMENT OF THE BOARD OF GENERAL DIRECTIORS

The Board of General Directors of PVI Holdings (the “Company”) presents this report together with the Company’s separate financial statements for the year ended 31 December 2013.

THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS

The members of the Boards of Management and General Directors of the Company who held office during the year and to the date of this report are as follows:

Board of Management

Mr. Nguyen Anh Tuan	Chairman
Mr. Ton Thien Viet	Vice Chairman
Mr. Bui Van Thuan	Member
Mr. Nguyen Khuyen Nguon	Member
Mr. Thanh Danh François Duong	Member
Mr. Santhana Krishnan Badri Narayanan	Member
Mr. Ulrich Heinz Wollschläger	Member (appointed on 25 April 2013)
Mr. Tung Sing Lau	Member (appointed on 25 April 2013)

Board of General Directors

Mr. Bui Van Thuan	General Director
Mr. Pham Khac Dung	Deputy General Director
Mr. Nguyen Hoang Tuan	Deputy General Director (resigned on 3 December 2013)
Mr. Vu Van Thang	Deputy General Director
Mr. Nguyen Ngoc Minh	Deputy General Director
Mr. Truong Quoc Lam	Deputy General Director
Mr. Pham Anh Duc	Deputy General Director
Mr. Tran Van Quy	Deputy General Director

BOARD OF GENERAL DIRECTORS’ STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Company is responsible for preparing the separate financial statements for the year ended 31 December 2013, which give a true and fair view of the financial position of the Company and of its results and cash flows for the year in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these separate financial statements, the Board of General Directors is required to:

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY (Continued)

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the separate financial statements;
- Prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the separate financial statements so as to minimize errors and frauds.

The Board of General Directors of the Company is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the separate financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of General Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of General Directors confirms that the Company has complied with the above requirements in preparing these separate financial statements.

For and on behalf of the Board of General Directors,



Bui Van Thuan
General Director

17 February 2014

No: 532/VN1A-HN-BC

To: **The Shareholders, the Boards of Management and General Directors of PVI Holdings**

We have audited the accompanying separate financial statements of PVI Joint Stock Company (the "Company") prepared on 17 February 2014 as set out from page 46 to page 71, which comprise the balance sheet as at 31 December 2013, and the statement of income and statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Khuc Thi Lan Anh
Deputy General Director

Audit Practising Registration Certificate
No. 0036-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

17 February 2014
Hanoi, S.R. Vietnam



Hoang Van Kien
Auditor

Audit Practising Registration Certificate
No. 1130-2013-001-1

BALANCE SHEET

As at 31 December 2013

FORM B 01 - DN

Unit: VND

ASSETS	Codes	Notes	31/12/2013	31/12/2012
A. CURRENT ASSETS (100=110+120+130+140+150)	100		2,587,397,882,374	3,865,084,728,356
I. Cash and cash equivalents	110	5	257,368,437,285	139,416,874,186
1. Cash	111		17,368,437,285	24,416,874,186
2. Cash equivalents	112		240,000,000,000	115,000,000,000
II. Short-term financial investments	120	6	1,895,002,286,455	3,231,830,007,058
1. Short-term investments	121		2,022,378,523,951	3,312,403,269,249
2. Provision for impairment of short-term investments	129		(127,376,237,496)	(80,573,262,191)
III. Short-term receivables	130		426,816,866,022	403,605,486,219
1. Trade accounts receivable	131	7	258,932,322,756	303,573,591,138
2. Advances to supplies	132	8	136,888,687,373	68,305,378,240
3. Other receivables	135	9	119,129,989,655	99,973,501,663
4. Provision for short-term doubtful debts	139	7	(88,134,133,762)	(68,246,984,822)
IV. Inventories	140		2,169,620,000	1,876,620,000
1. Inventories	141		2,169,620,000	1,876,620,000
V. Other short-term assets	150		6,040,672,612	88,355,740,893
1. Short-term prepayments	151		998,054,746	768,122,086
2. Value added tax deductibles	152		3,556,041,030	87,025,045,529
3. Other short-term assets	158		1,486,576,836	562,573,278
B. NON-CURRENT ASSETS (200=220+250+260)	200		4,407,018,594,065	3,806,776,279,013
I. Fixed assets	220		1,181,503,542,200	954,333,241,905
1. Tangible fixed assets	221	10	15,121,478,673	17,915,833,548
Cost	222		42,532,046,503	45,748,182,849
Accumulated depreciation	223		(27,410,567,830)	(27,832,349,301)
2. Intangible assets	227	11	1,756,914,468	4,529,767,427
Cost	228		20,527,112,000	19,645,112,000
Accumulated amortization	229		(18,770,197,532)	(15,115,344,573)
3. Construction in progress	230	12	1,164,625,149,059	931,887,640,930
II. Long-term financial investments	250		3,139,513,969,675	2,740,363,630,573
1. Investments in subsidiaries	251	13	2,871,000,000,000	2,160,000,000,000
2. Investments in associates	252	14	240,721,893,200	396,528,754,965
3. Other long-term investments	258	15	250,360,970,155	326,394,840,680
4. Provision for impairment of long-term financial investments	259	16	(222,568,893,680)	(142,559,965,072)
III. Other long-term assets	260		86,001,082,190	112,079,406,535
1. Long-term prepayments	261	17	85,741,443,790	112,074,406,535
2. Other long-term assets	268		259,638,400	5,000,000
TOTAL ASSETS (270=100+200)	270		6,994,416,476,439	7,671,861,007,369

BALANCE SHEET (Continued)

As at 31 December 2013

FORM B 01 - DN

Unit: VND

RESOURCES	Codes	Notes	31/12/2013	31/12/2012
A. LIABILITIES (300=310+330)	300		950,481,455,386	1,671,968,998,055
I. Current liabilities	310		402,906,681,172	1,171,711,917,180
1. Short-term loans	311	18	70,000,000,000	-
2. Trade accounts payable	312		11,476,561,065	106,232,860
3. Taxes and amounts payable to the State budget	314	19	3,787,485,554	6,418,054,834
4. Payables to employees	315		2,523,880,276	6,166,399,230
5. Accrued expenses	316		22,075,890,014	9,942,883,407
6. Other current payables	319	20	279,577,404,467	1,144,553,941,721
7. Bonus and welfare funds	323		13,465,459,796	4,524,405,128
II. Other liabilities	330		547,574,774,214	500,257,080,875
1. Other long-term payables	334		9,132,555,262	-
2. Long-term loans and liabilities	334	21	538,185,996,452	500,000,000,000
3. Long-term provisions	337		256,222,500	257,080,875
B. EQUITY (400=410)	400		6,043,935,021,053	5,999,892,009,314
I. Owners' equity	410	22	6,043,935,021,053	5,999,892,009,314
1. Charter capital	411		2,342,418,670,000	2,342,418,670,000
2. Share premium	412		3,323,062,514,020	3,323,062,514,020
3. Treasury shares	414		(157,228,060,975)	(138,219,350,615)
4. Investment and development fund	417		179,211,820,775	179,211,820,775
5. Retained earnings	420		356,470,077,233	293,418,355,134
TOTAL RESOURCES (440=300+400)	440		6,994,416,476,439	7,671,861,007,369

OFF BALANCE SHEET ITEMS

ITEMS	Unit	31/12/2013	31/12/2012
1. Foreign currencies			
United States Dollar	USD	12,496.33	12,479.29
Euro	EUR	374.32	385.24

Lam Thi Lan Phuong
Preparer

17 February 2014

Phung Tuan Kien
Chief Accountant



Bui Van Thuan
General Director

INCOME STATEMENTS

For the year ended 31 December 2013

FORM B02 - DN

Unit: VND

ITEMS	Codes	Notes	2013	2012
1. Gross sales	01		15,624,894,747	69,805,794,621
2. Net sales(10 = 01)	10		15,624,894,747	69,805,794,621
3. Cost of sales	11		7,643,600,000	63,479,789,607
4. Gross profit from sales (20 = 10 - 11)	20		7,981,294,747	6,326,005,014
5. Financial income	21	24	616,171,517,208	739,874,853,219
6. Financial expenses	22	25	194,369,045,497	201,193,570,849
7. General and administration expenses	25		148,496,383,539	148,059,095,858
8. Operating profit	30		281,287,382,919	396,948,191,526
{30 = 20 + (21 - 22) - 25}				
9. Other income	31		37,000,100	32,453,109
10. Other expenses	32		706,783,012	-
11. (Loss)/profit from other activities (40 = 31 - 32)	40		(669,782,912)	32,453,109
12. Accounting profit before tax (50 = 30 + 40)	50		280,617,600,007	396,980,644,635
13. Current corporate income tax expense	51	26	-	20,760,341,775
14. Net profit after corporate income tax	60		280,617,600,007	376,220,302,860
(60 = 50 - 51)				

Lam Thi Lan Phuong
Preparer

17 February 2014

Phung Tuan Kien
Chief Accountant



Bui Van Thuan
General Director

CASH FLOW STATEMENT

(Direct method) For the year ended 31 December 2013

FORM B 03 - DN

Unit: VND

ITEMS	Codes	2013	2012
I. Cash flows from operating activities			
1. Receipt from sales, services and others	01	16,311,265,501	11,855,936,000
2. Payment to suppliers for good and services	02	(126,444,531,399)	(198,167,191,788)
3. Payment to employees	03	(35,099,669,994)	(47,251,107,505)
4. Payment of interest expense	04	(50,144,444,444)	-
5. Payment for corporate income tax and other amounts payable to the State budget	05	(13,001,703,607)	(27,304,994,767)
6. Other cash inflows	06	310,459,188,240	306,175,184,127
7. Other cash outflows	07	(1,062,740,820,311)	(301,162,552,576)
Net cash (used in) operating activities	20	(960,660,716,014)	(255,854,726,509)
II. Cash flows from investing activities			
1. Acquisition and construction of fixed assets and other long-term assets	21	(222,654,104,771)	(508,892,479,857)
2. Cash out flow for lending, buying debt instruments of other entities	23	(1,450,069,895,160)	(3,766,279,231,737)
3. Cash recovered from lending, selling debt instruments of other entities	24	2,802,974,494,784	3,082,979,007,748
4. Investments in other entities	25	(741,251,000,000)	(37,786,507,505)
5. Cash recovered from investments in other entities	26	76,840,741,208	55,184,089,604
6. Interest earned, dividends and profit received	27	648,319,366,960	742,536,828,833
Net cash from/(used in) investing activities	30	1,114,159,603,021	(432,258,292,914)
III. Cash flows from financing activities			
1. Proceeds from issuing stocks, receiving capital from owners	31	-	560,796,320,725
2. Buying treasury shares	32	(19,008,710,360)	(13,896,923,265)
3. Proceeds from borrowings	33	163,185,996,452	500,000,000,000
4. Repayment of borrowings	34	(55,000,000,000)	-
5. Dividends and profit paid	36	(124,724,610,000)	(307,764,378,000)
Net cash (used in)/from financing activities	40	(35,547,323,908)	739,135,019,460
Net increase in cash	50	117,951,563,099	51,022,000,037
Cash and cash equivalents at the beginning of the year	60	139,416,874,186	88,394,874,149
Cash and cash equivalents at the end of the year	70	257,368,437,285	139,416,874,186

Lam Thi Lan Phuong
Preparer

17 February 2014

Phung Tuan Kien
Chief Accountant



Bui Van Thuan
General Director

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

FORM B 09 - DN

1. GENERAL INFORMATION

Structure of ownership

PVI Holdings (the “Company”), formerly known as PetroVietnam Insurance Joint Stock Corporation, was established and operates under License No. 42 GP/KDBH dated 12 March 2007 issued by the Ministry of Finance.

PVI Holdings’ shares have been listed on the Hanoi Securities Trading Center (currently known as the Hanoi Stock Exchange) with the stock symbol PVI since 10 August 2007.

On 28 June 2011, the 12th amended Business License No. 0100151161 was granted to PetroVietnam Insurance Joint Stock Corporation by Hanoi Department of Planning and Investment, in which the Company’s name was changed to PVI Holdings and some other principal activities were added.

The Company has officially operated under a parent-subsidiary structure in accordance with the latest business license since 01 August 2011.

As at 31 December 2013, the Company had 03 subsidiaries as follows:

- PVI Insurance Corporation (PVI Insurance)
- PVI Re-insurance Joint Stock Corporation (PVI Re-insurance)
- PVI Sun Life Insurance Company Limited (PVI Sun Life)

Principal activities

The Company’s principal activities include:

- Asset holdings;
- Financial services;
- Real estate;

The number of employees of the Company as at 31 December 2013 was 109 (31 December 2012: 107).

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying separate financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting.

Financial year

The Company’s financial year begins on 01 January and ends on 31 December.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

FORM B 09 - DN

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

New guidance on management, usage and depreciation of fixed assets

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC (“Circular 45”) guiding the regime of management, usage and depreciation of fixed assets. This Circular supersedes Circular No. 203/2009/TT-BTC (“Circular 203”) dated 20 October 2009 of the Ministry of Finance guiding the regime of management, usage and depreciation of fixed assets. Circular 45 is effective from 10 June 2013 and is applied from financial year 2013 onwards. According to the Board of General Directors’ assessment, Circular 45 does not have material effect on the Company’s separate financial statements for the year ended 31 December 2013.

New guidance on provision for impairment of long-term investments into other entities

On 28 June 2013, the Ministry of Finance issued Circular No. 89/2013/TT-BTC (“Circular 89”) amending and supplementing Circular No. 228/2009/TT-BTC (“Circular 228”) dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises. Circular 89 is effective from 26 July 2013. According to the Board of General Directors’ assessment, Circular 89 does not have material effect on the Company’s separate financial statements for the year ended 31 December 2013.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these financial statements, are as follows:

Estimates

The preparation of separate financial statements in conformity with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the separate financial statements and the reported amounts of revenues and expenses during the year. Although these accounting estimates are based on the management’s best knowledge, actual results may differ from those estimates.

Financial instruments

Initial recognition

Financial assets

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets.

The financial assets of the Company comprise cash, cash equivalents, trade receivables, other receivables, investments (excluding investments in subsidiaries and associates) and other financial assets.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities

At the date of initial recognition, financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities of the Company comprise trade payables, other payables, accrued expenses, short-term and long-term loans.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Provision for doubtful debts

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	2013
	Years
Buildings and structures	25
Motor vehicles	6
Office equipment	3 - 5

Intangible fixed assets and amortisation

Intangible assets are stated at cost less accumulated amortisation.

Intangible assets represent accounting software, management software, and copyrights of other software (collectively referred to as “computer software”). Computer software is amortized using the straight-line method over its estimated useful life of 3 years.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Difference from revaluations of state’s net assets in equitisation

On 20 October 2009, the Ministry of Finance issued Circular No. 203/2009/TT-BTC guiding regime on management, use and depreciation of fixed assets for enterprises established and operating in Vietnam (currently, replaced by Circular No. 45/2013/TT-BTC dated 25 April 2013 and effective from 10 June 2013). Accordingly, “where a wholly State-owned enterprise undergoes enterprise valuation by the discounted cash flow (DCF) method for equitisation purposes and there is an increase in the actual value of the State portion compared to the value recorded in the books of accounts, such increase shall not be recorded as an intangible asset and gradually allocated to production and business expenses during a year of not exceeding 10 years. The time for commencing the allocation to expenses shall be the time when the enterprise officially operates as a joint stock company (as per its business registration certificate)”. Circular No. 203/2009/TT-BTC effective from 01 January 2010 was applied by the Company to record the difference of VND 213,785,395,213 between the actual value of the State portion as at 31 December 2005 (the date of determining the value of enterprise equitisation) and the book value of State’s net assets as long-term prepaid expenses. Such long-term prepayments are amortised over 8 years from 2009.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for the purposes not yet determined, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the Company’s accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The Company’s investments in associates are initially measured at cost. The Company only recognizes in the income statement gains from accumulated net profit of the investee arising after the investment date. Other gains the Company receives out of these gains are considered recovery of investments and are recognized as deduction in investment cost.

Investments in associates the in balance sheet are measured at cost less provisions for impairment of investments in associates (if any). Provisions for impairment of investments in associates are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance guiding the appropriation and use of provisions for devaluation inventories, impairment losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises, Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and other prevailing accounting regulations.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

FORM B 09 - DN

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in securities

Investments in securities are recognised on the trade date basis and are initially measured at cost including directly attributable transaction costs.

For subsequent reporting periods, investments in securities are measured at cost, less provisions for impairment of securities investments. Provisions for impairment of investments are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, impairment losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises, Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and other prevailing accounting regulations.

For other long-term investments, the Company makes provisions based on the investees' latest obtained financial statements and the Board of General Directors believes that there is no significant change in such investees' financial statements in comparison with the latest obtained financial statements used by the Company for provision-making that has significant impacts on provisions made by the Company.

Investments in subsidiaries

Subsidiaries are companies which the Company has control. Control is achieved when the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Investments in subsidiaries in the balance sheet are measured at cost less provision for impairment of investments in subsidiaries (if any). Such provision is made in compliance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, impairment losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises, Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and other prevailing accounting regulations.

Revenue recognition

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several years, revenue is recognised in each year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the mount of revenue can be measured reliably;
- (b) it is probable that economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

FORM B 09 - DN

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" and Circular No. 179/2012/TT-BTC dated 24 October 2012 of the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Accordingly transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to shareholders.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are recognised in the income statement when incurred.

Provisions

Provisions are recognised when the Company has a present obligation as a result of past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. As there was no significant temporary difference during the year, the Company did not recognise any deferred tax in these separate financial statements.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

FORM B 09 - DN

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the current tax expense payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examination.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

Enterprise funds

All profits are used to pay dividends to shareholders, allocate to bonus and welfare funds, allocate to bonus fund for the management and other reserves subject to decisions by shareholders at the Annual General Meeting. The allocation ratio shall be decided at the Shareholders' General Meeting as per the request of the Board of Management. According to the Company's Charter, the Board of Management is able to pay mid-year dividends if such payment is considered as appropriate with the Company's profitability.

5. CASH AND CASH EQUIVALENTS

	31/12/2013 VND	31/12/2012 VND
Cash on hand	965,131,299	173,708,496
Cash in bank	16,403,305,986	24,243,165,690
Cash equivalents (i)	240,000,000,000	115,000,000,000
	257,368,437,285	139,416,874,186

- (i) Cash equivalents represent term deposits at domestic credit institutions and short-term entrusted investments with terms with terms of 3 months.

6. SHORT - TERM FINANCIAL INVESTMENTS

	31/12/2013 VND	31/12/2012 VND
Short-term investments in securities	181,193,110,433	243,445,934,805
Securities repurchase agreements	-	63,334,494,426
Term deposits at credit institutions (i)	520,000,000,000	1,472,000,000,000
Short-term entrusted investments (ii)	492,372,089,700	547,372,089,700
Co-operation contract of investments in listed securities (iii)	23,813,323,818	142,165,750,318
Co-operation contract of investments in real estate (iv)	695,000,000,000	844,085,000,000
Other short-term investments (v)	110,000,000,000	-
Provision for impairment of short-term investments	(127,376,237,496)	(80,573,262,191)
	1,895,002,286,455	3,231,830,007,058

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

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6. SHORT - TERM FINANCIAL INVESTMENTS (Continued)

- (i) Term deposit at credit institutions represent term deposits with terms from 3 months to 1 year at domestic credit institutions.
- (ii) Under the short-term entrusted investment agreements, the Company gains fixed interest and is exposed to no risk in using the entrusted funds. The Company is exposed to credit risk regarding the agreement which is not guaranteed by collaterals.
- (iii) Under co-operation contract of investment in listed securities, the Company contributes capital with other partners for purchasing listed securities, enjoys fixed interest and is not exposed to any risk from the investments. The Company has the right to blockade and sell securities to recover its capital, in case the market price decreases by 30% in comparison with the reference price stated in the investment co-operation contract. The contract has an effective duration of 01 year and can be early terminated. The Company fully made provision for overdue contracts which are assessed to be difficult to be recovered.
- (iv) Under co-operation contract of investments in real estate, the Company contributes capital with other partners in real estate projects, enjoys fixed interest and is not exposed to any risk from the investments. The Company accepted collaterals that are real estates evaluated by valuation firms. In case partners failed to fulfil their obligations to the Company upon expiry of the contract, the Company has full right to sell the collaterals to recover the invested capital. The contract has an effective duration of 01 year and can be early terminated as agreed by both parties. The Board of General Directors accessed the partners' financial capacity based on best estimate as well as the value of the collaterals and made full provisions for impairment of investments.
- (v) As stated in Note 14 and Note 15, other short-term investments represent:
- The investment of VND 30 billion in PetroVietnam Hospital Joint Stock Company, which were approved to be transferred in the forthcoming period. The Company is performing necessary procedures for such transfer, accordingly, such investments are reclassified from Investments in associates as at 31 December 2012.
 - The investment of VND 30 billion in PetroVietnam - SSG Real Estate Joint Stock Company, which is under a ownership transfer contract to a partner signed on 31 December 2013 and ownership transfer procedures are in process. Such investment is reclassified from Other investment as at 31 December 2012.
 - VND 50 billion corporate bond of Dong Thien Phu Group Joint Stock Company which will mature on 30 November 2014. Such bond is reclassified from Other long-term investments as at 31 December 2013.

7. TRADE ACCOUNTS RECEIVABLE

	31/12/2013 VND	31/12/2012 VND
Trade accounts receivable	258,932,322,756	303,573,591,138
Receivables from financial activities	218,993,274,494	300,898,991,596
Other trade receivables	39,939,048,262	2,674,599,542
Provision for short-term doubtful debts	(88,134,133,762)	(68,246,984,822)
Provision for interest on long-term entrusted investments	(39,877,039,901)	(39,877,039,901)
Provision for interest on other short-term financial investments	(48,257,093,861)	(28,369,944,921)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

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8. ADVANCES TO SUPPLIERS

	31/12/2013 VND	31/12/2012 VND
Prepayment under apartment purchase contract - Olalani project (Da Nang)	96,191,095,147	63,209,770,122
Other prepayments	40,697,592,226	5,095,608,118
	136,888,687,373	68,305,378,240

9. OTHER RECEIVABLES

	31/12/2013 VND	31/12/2012 VND
PVI Sun Life Insurance Company Limited	-	51,000,000,000
PetroVietnam Hospital Joint Stock Company (i)	47,321,768,568	43,019,789,607
PVI Insurance Corporation	64,065,763,991	-
PVI Re-insurance Joint Stock Corporation	337,608,000	-
Others	7,404,849,096	5,953,712,056
	119,129,989,655	99,973,501,663

- (i) Represents a receivable from PetroVietnam Hospital Joint Stock Company on the transfer of property in hospital under Transfer Contract No. 01/2011/PVI-PVH dated 01 June 2011 and Appendix No. PL01-01/2011/PVI-PVH dated 22 November 2012 between PetroVietnam Hospital Joint Stock Company and the Company.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

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10. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Motor vehicles VND	Office equipment VND	Total VND
COST				
As at 01/01/2013	19,825,224,463	10,150,410,951	15,772,547,435	45,748,182,849
Additions	-	480,000,000	1,811,640,727	2,291,640,727
Transfer to subsidiaries	-	-	1,326,541,325	1,326,541,325
Other decreases (i)	-	77,970,567	4,103,265,181	4,181,235,748
As at 31/12/2013	19,825,224,463	10,552,440,384	12,154,381,656	42,532,046,503
ACCUMULATED DEPRECIATION				
As at 01/01/2013	10,071,208,037	5,235,898,459	12,525,242,805	27,832,349,301
Charge for the year	871,668,961	1,625,392,092	1,897,105,419	4,394,166,472
Transfer to subsidiaries	-	-	1,191,096,230	1,191,096,230
Other decreases (i)	-	51,200,000	3,573,651,713	3,624,851,713
As at 31/12/2013	10,942,876,998	6,810,090,551	9,657,600,281	27,410,567,830
NET BOOK VALUE				
As at 31/12/2013	8,882,347,465	3,742,349,833	2,496,781,375	15,121,478,673
As at 31/12/2012	9,754,016,426	4,914,512,492	3,247,304,630	17,915,833,548

- (i) Represent decreases in costs and accumulated depreciation of the assets at cost less than VND 30,000,000 in accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance.

The cost of the Company's tangible fixed assets as at 31 December 2013 includes VND 10,088,036,758 (31 December 2012: VND 6,112,112,000) of assets which have been fully depreciated but are still in use.

11. INTANGIBLE ASSETS

	Computer software VND
COST	
As at 01/01/2013	19,645,112,000
Additions	882,000,000
As at 31/12/2013	20,527,112,000
ACCUMULATED AMORTISATION	
As at 01/01/2013	15,115,344,573
Charge for the year	3,654,852,959
As at 31/12/2013	18,770,197,532
NET BOOK VALUE	
As at 31/12/2013	1,756,914,468
As at 31/12/2012	4,529,767,427

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

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12. CONSTRUCTION IN PROGRESS

	31/12/2013	31/12/2012
	VND	VND
PVI Tower Building Project at Yen Hoa, Cau Giay, Hanoi (i)	1,164,281,365,059	930,681,882,930
Others	343,784,000	1,205,758,000
	1,164,625,149,059	931,887,640,930

- (i) As stated in Note 21, the Company used the property formed from the loan, which is PVI Tower office building in Yen Hoa ward, Cau Giay district, Hanoi, to guarantee the bank loan from Vietnam Export Import Commercial Joint-Stock Bank. Borrowing costs of VND 63,317,451,051 (2012: VND 26,033,333,334) were entirely capitalized into construction in progress for the year.

13. INVESTMENTS IN SUBSIDIARIES

	31/12/2013	31/12/2012
	VND	VND
PVI Insurance Corporation	1,850,000,000,000	1,700,000,000,000
PVI Reinsurance Joint Stock Corporation	460,000,000,000	460,000,000,000
PVI Sun Life Insurance Company Limited	561,000,000,000	-
	2,871,000,000,000	2,160,000,000,000

Details of the Company's subsidiaries as at 31 December 2013 are as follows:

Name of subsidiaries	Head office	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
PVI Insurance Corporation	Hanoi	100	100	Non-life insurance
PVI Reinsurance Joint Stock Corporation	Hanoi	68.86	73.11	Reinsurance
PVI Sun Life Insurance Company Limited	Hochiminh City	51	51	Life insurance

14. INVESTMENTS IN ASSOCIATES

	31/12/2013	31/12/2012
	VND	VND
PV2 Investment Joint Stock Company	138,721,893,200	138,721,893,200
Viet Housing International Investment and Development Joint Stock Company	102,000,000,000	102,000,000,000
Nangluongmoi Trading and Communication Joint Stock Company (i)	-	46,912,303,800
Sapa Petroleum Tourism Joint Stock Company (ii)	-	78,894,557,965
PetroVietnam Hospital Joint Stock Company (iii)	-	30,000,000,000
	240,721,893,200	396,528,754,965

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

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14. INVESTMENTS IN ASSOCIATES (Continued)

Details of the Company's associates as at 31 December 2013 are as follows:

Name of associates	Place of incorporation and operation	Proportion of ownership interest (per paid-in share capital) %	Proportion of voting power held %	Principal activity
PV2 Investment Joint Stock Company	Hanoi, Vietnam	36.4	36.4	Real-estate bussiness and finance investments
Viet Housing International Investment and Development Joint Stock Company	Hanoi, Vietnam	25.5	25.5	Real-estate bussiness

- (i) On 17 August 2012, the Board of Management issued Resolution No. 21/NQ-PVI on approval for dissolution of Nangluongmoi Trading and Communication Joint Stock Company. Currently, the procedures for dissolution of Nangluongmoi Trading and Communication Joint Stock Company have been completed; the Company recovered total its capital invested in this company with the amount of VND 39,581,761,208.
- (ii) In the year, the Company has completely transferred the share investment in Sapa Petroleum Tourism Joint Stock Company to Viet Housing International Investment and Development Joint Stock Company.
- (iii) On 30 August 2013, the Board of Management issued Resolution No. 11/NQ-PVI approving the plan transferring its investment in share in PetroVietnam Hospital Joint Stock Company to Binh Son Refining and Petrochemical Company Limited. The Company is performing necessary procedures for such transfer; accordingly, the total value of investment in PetroVietnam Hospital Joint Stock Company is reclassified as other short-term investment (Notes 6).

15. OTHER LONG-TERM INVESTMENTS

	31/12/2013	31/12/2012
	VND	VND
Shares	80,253,609,354	80,002,609,354
Bonds (i)	-	50,000,000,000
Entrusted investments (ii)	170,107,360,801	196,392,231,326
	250,360,970,155	326,394,840,680

- (i) Represents corporate bond of Dong Thien Phu Group Joint Stock Company with coupon rates ranging from 17.5% to 17.9% p.a. Such bond will mature on 30 November 2014, so it was reclassified as other short-term investment (Note 6).
- (ii) Represents the balance of the purpose-nominated trusted loan granted via commercial banks. According to the entrusted loan agreements, the Company enjoys interest at the floating rate and is exposed to risk in using the entrusted funds. As at 31 December 2013, the loan principal and interest was overdue. The Board of General Directors made provision of VND 209,984,400,702 for the overdue part (of which VND 170,107,360,801 was made for the overdue principal and presented in Note 16, and VND 39,877,039,901 was made for the overdue interest and presented in Note 7) based on best estimate of the trustees' debt repayability and believes that the trustees will fulfil their commitments to pay debt.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

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16. PROVISION FOR IMPAIRMENT OF LONG-TERM INVESTMENTS

	31/12/2013 VND	31/12/2012 VND
Provision for impairment of investments in associates	(45,943,537,492)	(16,777,442,899)
Provision for impairment of long-term trusted investments	(170,107,360,801)	(120,000,000,000)
Others	(6,517,995,387)	(5,782,522,173)
	(222,568,893,680)	(142,559,965,072)

17. LONG-TERM PREPAYMENTS

	2013 VND	2012 VND
As at 01 January	112,074,406,535	(134,327,930,737)
Additions	3,031,360,429	6,192,169,789
Allocated to expenses during the year	(29,364,323,174)	(28,445,693,991)
As at 31 December	85,741,443,790	112,074,406,535

18. SHORT-TERM LOANS AND LIABILITIES

Short-term loans and liabilities represent the current portion payable within 12 months of the long-term loan obtained from Vietnam Export Import Commercial Joint-Stock Bank (Eximbank) - Long Bien Branch (see Note 21 - Long-term loans and liabilities).

19. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

Unit: VND

	31/12/2012	Movement during the year		31/12/2013
		Payables	Paid	
Value added tax for domestic sales	799,798,138	3,989,110,960	4,156,697,053	632,212,045
Corporate income tax	4,194,998,302	2,295,579,062	4,599,466,542	1,891,110,822
Bussiness licence tax	-	3,000,000	3,000,000	-
Other taxes and charges payable	1,423,258,394	4,083,444,305	4,242,540,012	1,264,162,687
	6,418,054,834	10,371,134,327	13,001,703,607	3,787,485,554

20. OTHER CURRENT PAYABLES

	31/12/2013 VND	31/12/2012 VND
Vietnam Oil and Gas Group	113,841,560,568	1,095,807,489,680
PVI Re-insurance Joint Stock Corporation	-	939,881,327
PetroVietnam Hospital Joint Stock Company	40,197,208,333	38,399,229,371
Dividend payable (to shareholders other than Vietnam Oil and Gas Group)	114,484,021,600	-
Others	11,054,613,966	9,407,341,343
	279,577,404,467	1,144,553,941,721

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

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21. LONG-TERM LOANS AND LIABILITIES

	31/12/ 2013 VND	31/12/ 2012 VND
Vietnam Export Import Commercial Joint-Stock Bank (i)	502,397,110,500	500,000,000,000
SeaBank (ii)	35,788,885,952	-
	538,185,996,452	500,000,000,000

(i) Long-term loan from Vietnam Export Import Commercial Joint-Stock Bank including:

a) On 21 August 2012, the Company entered into a long-term loan agreement with Vietnam Export Import Commercial Joint-Stock Bank (Eximbank) - Long Bien Branch with the amount of VND 500 billion. The principal will be repaid in 8 installments commencing from 21 February 2014 to 21 August 2017. The loan bears a fixed interest rate of 14.2% p.a. for the first six months, then will be adjusted quarterly. The interest rate is adjusted every 3 months, equal to the VND deposit interest rate for 13-month term with term-end interest payment announced by Eximbank plus margin of 3.5%/p.a, and is paid monthly. The Company used the property formed from the loan, which is PVI Tower office building in Yen Hoa ward, Cau Giay, Hanoi to guarantee for this loan (see Note 12).

b) On 28 December 2013, the Company entered into a long-term loan agreement with Vietnam Export Import Commercial Joint-Stock Bank (Eximbank) - Long Bien Branch with the amount of VND 127,397,110,500. The principal will be repaid in 8 installments commencing from 28 June 2015 to 28 December 2018. The loan bears a fixed interest rate of 10.5% p.a. for the first six months, the will be adjusted half-yearly. The interest rate is adjusted every 6 months, equal to the VND deposit interest rate for 12-month term with term-end interest payment announced by Eximbank plus margin of 2.5%/p.a. The Company used the property formed from the loan, which is PVI Tower office building in Yen Hoa ward, Cau Giay district, Hanoi to guarantee this loan (see Note 12).

(ii) On 10 September 2013, the Company entered into a medium-long term loan agreement with Southeast Asia Joint Stock Commercial Bank - Lang Ha Branch (SeaBank Lang Ha). The credit limit of the loan is VND 70 billion, the five-year term loan is used to complete interiors accompanying with PVI Tower. The loan is secured by Deposit Contract No. 02/2013TG/SeABankHO-PVI dated 20 June 2013. The loan bears interest rate that is equal to interest rate of the secured deposit contract plus 1.6% per annum and and interest is paid every 6 months. The loan principal is repaid as committed in each debt acknowledgement. As at 31 December 2013, the balance of pricipal payable is VND 35,788,885,952.

Long-term loans are repayable as follows:

	31/12/2013 VND	31/12/2012 VND
Less than 1 year	70,000,000,000	-
In the second year	156,849,277,626	125,000,000,000
From the third to the fifth year inclusive	381,336,718,826	375,000,000,000
	608,185,996,452	500,000,000,000
Less: Amount due for settlement within 12 months (Note 18)	70,000,000,000	-
Amount due for settlement after 12 months	538,185,996,452	500,000,000,000

22. OWNERS' EQUITY

	Charter capital	Share premium	Treasury shares	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND	VND	VND
As at 01/01/2012	2,129,471,520,000	2,974,771,778,198	(124,322,427,350)	179,211,820,775	238,227,338,898	5,397,258,374,664
Capital contributions	212,947,150,000	347,849,170,725	-	-	-	560,796,320,725
Purchase of treasury shares	-	-	(13,896,923,265)	-	-	(13,896,923,265)
Profit for the year	-	-	-	-	376,220,302,860	376,220,302,860
Allocated to bonus and welfare funds	-	-	-	-	(20,000,000,000)	(20,000,000,000)
Dividends payable	-	-	-	-	(307,764,378,000)	(307,764,378,000)
Adjustment under the State Audit's report	-	-	-	-	6,735,061,376	6,735,061,376
Other decreases	-	(630,000,000)	-	-	-	(630,000,000)
Other additions	-	1,071,565,097	-	-	30,000	1,173,250,954
As at 01/01/2013	2,342,418,670,000	3,323,062,514,020	(138,219,350,615)	179,211,820,775	293,418,355,134	5,999,892,009,314
Purchase of treasury shares (i)	-	-	(19,008,710,360)	-	-	(19,008,710,360)
Profit for the year	-	-	-	-	280,617,600,007	280,617,600,007
Allocated to bonus and welfare funds (ii)	-	-	-	-	(29,861,384,229)	(29,861,384,229)
Dividends payable (iii)	-	-	-	-	(181,003,813,600)	(181,003,813,600)
Allocated to management bonus funds (iv)	-	-	-	-	(3,762,203,029)	(3,762,203,029)
Other decreases (v)	-	-	-	-	(2,938,477,050)	(2,938,477,050)
As at 31/12/2013	2,342,418,670,000	3,323,062,514,020	(157,228,060,975)	179,211,820,775	356,470,077,233	6,043,935,021,053

- (i) During the year, the Company bought back 1,056,800 shares.
- (ii) Allocation to Bonus and welfare funds regarding the outstanding amount of year 2012 and interim distribution to Bonus and welfare funds as per the 2013 plan were approved under Resolution No. 01/2013/NQ-DHDCD dated 25 April 2013 passed at the annual general meeting of shareholders.
- (iii) This amount represents the 2012 outstanding dividends payable (equivalent to 8% of post-tax profit) after interim dividend payment of 7% of the 2012 profit after tax. The 2012 dividends were approved under Resolutiuton No. 01/2013/NQ-DHDCD dated 25 April 2013 passed at the annual general meeting of shareholders. The outstanding 2012 dividends payable are recognized as “Other current payables” as at 31 December 2013.
- (iv) In the annual general meeting of shareholders, distribution to management bonus fund was approved at 1% of the 2012 post-tax profit under Resolution No. 01/2013/NQ-DHDCD dated 25 April 2013.
- (v) Other decreases represent additional tax payable under the taxation finalisation minutes.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

22. OWNERS' EQUITY (Continued)

Details of charter capital are as follows:

	Capital contribution as at 31/12/2013	Ratio	Capital contribution as at 31/12/2012	Ratio
	VND	%	VND	%
Vietnam Oil and Gas Group	831,497,400,000	35.50%	831,497,400,000	35.50%
HDI-Gerling Industrie Versicherung AG (under Talanx Group)	745,315,030,000	31.82%	745,315,030,000	31.82%
Funderburk Lighthouse Limited	271,178,950,000	11.58%	271,178,410,000	11.58%
PVcombank	145,932,430,000	6.22%	145,932,430,000	6.22%
Other shareholders	348,494,860,000	14.88%	348,495,400,000	14.89%
	2,342,418,670,000	100%	2,342,418,670,000	100%

Shares

The number of outstanding shares of the Company as at 31 December 2013 was as follows:

	31/12/2013	31/12/2012
	Shares	Shares
Number of shares registered	234,241,867	234,241,867
Common shares	234,241,867	234,241,867
Number of shares issued	234,241,867	234,241,867
Common shares	234,241,867	234,241,867
Number of treasury shares	8,827,700	7,770,900
Common shares	8,827,700	7,770,900
Number of outstanding shares	225,414,167	226,470,967
Common shares	225,414,167	226,470,967

Par value of outstanding shares: VND 10,000/share.

23. COST OF BY NATURE

	2013	2012
	VND	VND
Raw materials and consumables	7,869,594,677	9,784,951,495
Labour	40,384,267,924	35,963,014,073
Depreciation and amortization	8,049,019,431	10,196,160,902
Out-sourced services	27,981,849,754	81,493,601,772
Other expenses	71,855,251,753	74,101,157,223
	156,139,983,539	211,538,885,465

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

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24. FINANCIAL INCOME

	2013 VND	2012 VND
Deposit, loan interests	63,662,149,277	140,549,545,182
Gain from investment in bonds	7,593,287,671	15,311,982,057
Gain from stock trading	4,531,422,481	6,042,646,204
Gain from entrusted investments	56,674,394,367	44,672,212,958
Dividends, profits received	344,236,404,806	330,433,942,245
Income from repo activities	4,065,553,864	38,159,576,402
Other financial income	135,408,304,742	164,344,948,171
	616,171,517,208	739,874,853,219

25. FINANCIAL EXPENSES

	2013 VND	2012 VND
Expenses for stock trading	252,447,897	10,013,855,688
Foreign exchange loss	-	181,901,123
Provision for impairment in investments	155,783,348,224	82,715,931,335
Other financial expenses	38,333,249,376	108,281,882,703
	194,369,045,497	201,193,570,849

26. CORPORATE INCOME TAX

	2013 VND	2012 VND
Profit before tax	280,617,600,007	396,980,644,635
Adjustments for taxable income		
Less: non-assessable income	(344,236,404,806)	(330,433,942,245)
- Dividends and profits received	(344,236,404,806)	(330,433,942,245)
Add back: non-deductible expense	52,792,034,687	16,494,664,709
- Loss from revaluation of year-end foreign exchange balances	-	101,655,857
- Remuneration of the Board of Management	72,000,000	79,000,000
- Depreciation of car at cost over VND1.6 billion	104,333,333	104,905,023
- Non-deductible transaction expenses	33,788,924,388	16,209,103,829
- Other non-deductible expenses	18,826,776,966	-
Assessable income	(10,826,770,112)	83,041,367,099
Normal tax rate	25%	25%
Current corporate income tax	-	20,760,341,775

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

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27. COMMITMENTS FOR CAPITAL EXPENDITURE

As at 31 December 2013, the Company had several significant commitments as follows:

- A contract of office construction in Yen Hoa Ward, Cau Giay District, Hanoi with the total estimated value of USD 54,954,000. Currently, the office tower was handed over in principle and in operational testing process.
- A commitment for purchasing apartments at Olalani resort at Son Tra - Dien Ngoc Street, Khue My Ward, Ngu Hanh Son District, Da Nang with the total value of USD 5,058,460. The cost incurred relating to this commitment is approximately 75% of the contract value.
- Capital contribution to establish PVI Asset Management Joint Stock Company ("PVI Asset Management - PVI AM") with charter capital of VND 100,000,000,000, in which the Company will contribute VND 35,000,000,000, corresponding to 35% of the charter capital.

28. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as disclosed in Note 18 and 21, offset by cash and cash equivalents) and equity (comprising capital, reserves and retained earnings).

Gearing ratio

The gearing ratio of the Company as at the balance sheet date was as follows:

	31/12/2013 VND	31/12/2012 VND
Borrowings	608,185,996,452	500,000,000,000
Less: cash and cash equivalents	257,368,437,285	139,416,874,186
Net debt	350,817,559,167	360,583,125,814
Equity	6,043,935,021,053	5,999,892,009,314
Net debt to equity ratio	0.06	0.06

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 4.

	Carrying amount	
	31/12/2013 VND	31/12/2012 VND
Financial Assets		
Cash and cash equivalents	257,368,437,285	139,416,874,186
Trade and other receivables	289,928,178,649	335,300,107,979
Short-term investments	1,895,002,286,455	3,231,830,007,058
Long-term investments	73,735,613,967	200,612,318,507
Other financial assets	10,000,000	45,800,000
Total	2,516,044,516,356	3,907,205,107,730
Financial Liabilities		
Short-term loans and liabilities	70,000,000,000	-
Trade and other payables	291,053,965,532	1,144,660,174,581
Accruals	22,075,890,014	9,942,883,407
Other long-term payables	9,132,555,262	-
Long-term loans and liabilities	538,185,996,452	500,000,000,00
Total	930,448,407,260	1,654,603,057,988

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

FORM B 09 - DN

28. FINANCIAL INSTRUMENTS (Continued)

The Company has not assessed fair value of its financial assets and liabilities as at the balance date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial asset and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates and prices. The Company does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

Interest rate risk management

The Company has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Company by maintaining an appropriate level of borrowings and analyzing market competition to enjoy favorable interest rates from appropriate lenders.

Interest rate sensitivity

Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Company's profit before tax for the year ended 31 December 2013 would have been unchanged (due to the fact that borrowing costs for the year are entirely capitalized into construction in progress), and the item "Construction in progress" would increase/decrease by about VND 10 billion (2012: VND 10 billion).

Share price risk management

Shares held by the Company are affected by market risks arising from the uncertainty about future prices of such shares. The Company manages this risk exposure by setting up investment limits. The Company's Board of Management also assesses and approves decisions on share investments such as operating industry, investees, etc.

The Company is also exposed to equity price risks arising from investments in subsidiaries and associates. The Company's Board of Management assesses and approves decisions on investments in subsidiaries and associates such as operating industry, investees, etc. Investments in subsidiaries and associates are held for long-term strategic investments rather than trading purposes. The Company does not have intention to trade these investments in the foreseeable future.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

FORM B 09 - DN

28. FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. As at the balance sheet date there is a significant concentration of credit risk arising on the entrusted investments and cooperation investment contracts. Credit risk is evaluated prudently by the Board of General Directors as presented in Note 6 and Note 15.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets including interest that will be earned on those assets, if any and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flow. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year VND	From 1-5 years VND	Total VND
31/12/2013			
Cash and cash equivalents	261,368,930,436	-	261,368,930,436
Trade and other receivables	289,928,178,649	-	289,928,178,649
Short-term investments	1,948,786,323,800	-	1,948,786,323,800
Long-term investments	-	73,735,613,967	73,735,613,967
Other financial assets	10,000,000	-	10,000,000
Total	2,500,093,432,884	73,735,613,967	2,573,829,046,851
31/12/2013			
Short-term loans and liabilities	80,050,444,444	-	80,050,444,444
Trade and other payables	291,053,965,532	-	291,053,965,532
Accruals	22,075,890,014	-	22,075,890,014
Other long-term payables	-	9,132,555,262	9,132,555,262
Long-term loans and liabilities	66,800,832,417	653,691,434,885	720,492,267,302
Total	459,981,132,407	662,823,990,147	1,122,805,122,554

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

FORM B 09 - DN

28. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management (Continued)

	Less than 1 year VND	From 1-5 years VND	Total VND
31/12/2012			
Cash and cash equivalents	140,933,518,022	-	140,933,518,022
Trade and other receivables	335,300,107,979	-	335,300,107,979
Short-term investments	3,410,879,037,558	-	3,410,879,037,558
Long-term investments	8,750,000,000	208,754,679,618	217,504,679,618
	40,800,000	5,000,000	45,800,000
Total	3,895,903,463,559	208,759,679,618	4,104,663,143,177
31/12/2012			
Trade and other payables	1,144,660,174,581	-	1,144,660,174,581
Accruals	9,942,883,407	-	9,942,883,407
Long-term loans and liabilities	71,000,000,000	595,209,027,778	666,209,027,778
Total	1,225,603,057,988	595,209,027,778	1,820,812,085,766

The management assessed the liquidity risk concentration at low level. The management believes that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

29. RELATED PARTY TRANSACTION AND BALANCES

Related party transactions and balances are presented in the Company's consolidated financial statements for the year ended 31 December 2013.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements)

FORM B 09 - DN

30. COMPARATIVE FIGURES

Comparative figures of those are figures of the audited separate financial statements for the year ended 31 December 2012.

Lam Thi Lan Phuong
Preparer

17 February 2014

Phung Tuan Kien
Chief Accountant



Bui Van Thuan
General Director

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of PVI Holdings (the “Company”) presents this report together with the Company’s consolidated financial statements for the year ended 31 December 2013.

THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS

The members of the Boards of Management and General Directors of the Company who held office during the year and to the date of this report are as follows:

Board of Management

Mr. Nguyen Anh Tuan	Chairman
Mr. Ton Thien Viet	Vice Chairman
Mr. Bui Van Thuan	Member
Mr. Nguyen Khuyen Nguon	Member
Mr. Thanh Danh François Duong	Member
Mr. Santhana Krishnan Badri Narayanan	Member
Mr. Ulrich Heinz Wollschläger	Member (appointed on 25 April 2013)
Mr. Tung Sing Lau	Member (appointed on 25 April 2013)

Board of General Directors

Mr. Bui Van Thuan	General Director
Mr. Pham Khac Dung	Deputy General Director
Mr. Nguyen Hoang Tuan	Deputy General Director (resigned on 3 December 2013)
Mr. Vu Van Thang	Deputy General Director
Mr. Nguyen Ngoc Minh	Deputy General Director
Mr. Truong Quoc Lam	Deputy General Director
Mr. Pham Anh Duc	Deputy General Director
Mr. Tran Van Quy	Deputy General Director

BOARD OF GENERAL DIRECTORS’ STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Company is responsible for preparing the consolidated financial statements for the year ended 31 December 2013 which give a true and fair view of the financial position of the Company and of its results and cash flows for the year in accordance with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Board of General Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

The Board of General Directors of the Company is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime and legal regulations relating to consolidated financial reporting. The Board of General Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of General Directors confirms that the Company has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of General Directors,



Bui Van Thuan
General Director

17 February 2014

Số: 533/VN1A-HN-BC

To: **The Shareholders, the Boards of Management and General Directors of PVI Holdings**

We have audited the accompanying consolidated financial statements of PVI Holdings (the "Company"), prepared on 17 February 2014 as set out from page 76 to page 110, which comprise the balance sheet as at 31 December 2013, and the statement of income and statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese accounting standards, accounting regime and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime and legal regulations relating to financial reporting.



Khuc Thi Lan Anh
Deputy General Director
Audit Practising Registration Certificate
No. 0036-2013-001-1
For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED
17 February 2014
Hanoi, S.R. Vietnam



Hoang Van Kien
Auditor
Audit Practising Registration Certificate
No. 1130-2013-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

FORM B 01 - DN/HN

Unit: VND

ASSETS	Codes	Notes	31/12/2013	31/12/2012
A. CURRENT ASSETS (100=110+120+130+140+150)	100		10,290,581,231,152	8,389,906,062,676
I. Cash and cash equivalents	110	5	2,672,078,875,363	1,773,518,264,884
1. Cash	111		530,568,875,363	1,007,638,264,884
2. Cash equivalents	112		2,141,510,000,000	765,880,000,000
II. Short-term financial investments	120	6	6,135,134,387,096	5,275,830,007,058
1. Short-term investments	121		6,327,438,523,951	5,356,403,269,249
2. Provision for impairment of short-term investments	129		(192,304,136,855)	(80,573,262,191)
III. Short-term receivables	130		1,411,581,033,655	1,173,648,940,979
1. Trade accounts receivable	131	7	1,375,440,865,030	1,124,067,119,187
2. Advances to suppliers	132	8	143,617,919,273	68,305,378,240
3. Other receivables	135	9	103,824,919,718	152,113,621,922
4. Provision for short-term doubtful debt	139	7	(211,302,670,366)	(170,837,178,370)
IV. Inventories	140		2,447,356,770	1,989,702,670
1. Inventories	141		2,447,356,770	1,989,702,670
V. Other short-term assets	150		69,339,578,268	164,919,147,085
1. Short-term prepayments	151		28,232,403,747	10,773,744,766
2. Value added tax deductibles	152		5,939,350,660	90,089,890,454
3. Other short-term assets	158	10	35,167,823,861	64,055,511,865
B. NON-CURRENT ASSETS (200=220+250+260)	200		2,109,292,573,464	2,381,298,366,116
I. Fixed assets	220		1,377,941,529,079	1,031,461,314,679
1. Tangible fixed assets	221	11	122,772,727,289	57,066,158,279
Cost	222		216,018,932,399	145,610,883,373
Accumulated depreciation	223		(93,246,205,110)	(88,544,725,094)
2. Intangible fixed assets	227	12	90,543,652,731	42,507,515,470
Cost	228		132,312,192,048	65,947,176,822
Accumulated amortization	229		(41,768,539,317)	(23,439,661,352)
3. Construction in progress	230	13	1,164,625,149,059	931,887,640,930
II. Long-term financial investments	250		596,723,428,748	1,218,758,136,997
1. Investments in associates	252	14	199,045,745,661	410,428,986,379
2. Other long-term investments	258	15	590,804,798,705	984,682,218,956
3. Provision for impairment of long-term financial investments	259	16	(193,127,115,618)	(176,353,068,338)
III. Other long-term assets	260		134,627,615,637	131,078,914,440
1. Long-term prepayments	261	17	104,062,011,034	114,687,513,742
2. Other long-term assets	268		30,565,604,603	16,391,400,698
TOTAL ASSETS (270=100+200)	270		12,399,873,804,616	10,771,204,428,792

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2013

FORM B 01 - DN/HN

Unit: VND

RESOURCES	Codes	Notes	31/12/2013	31/12/2012
A. LIABILITIES (300=310+330)	300		5,479,960,157,619	4,687,926,552,028
I. Current liabilities	310		4,930,377,481,511	4,185,637,098,830
1. Short-term loans and liabilities	311	18	70,000,000,000	-
2. Trade accounts payable	312	19	1,512,631,360,878	1,108,156,127,879
3. Advances from customers	313		46,957,534,322	6,288,647,510
4. Taxes and amounts payable to the State budget	314	20	103,864,808,487	68,211,080,677
5. Payables to employees	315		45,762,942,364	54,871,056,492
6. Accrued expenses	316		52,581,227,508	11,114,628,440
7. Other current payables	319	21	302,452,370,434	1,166,029,434,723
8. Short-term provisions	320	22	2,782,542,926,994	1,757,807,812,454
9. Bonus and welfare funds	323		13,584,310,524	13,158,310,655
II. Long-term liabilities	330		549,582,676,108	502,289,453,198
1. Other long-term payables	333		9,185,306,469	56,751,207
2. Long-term loans and liabilities	334	23	538,185,996,452	500,000,000,000
3. Long-term provisions	336		2,211,373,187	2,232,701,991
B. EQUITY (400=410)	400		6,174,698,734,599	6,083,277,876,764
I. Owners' equity	410	24	6,174,698,734,599	6,083,277,876,764
1. Owners' contributed capital	411		2,342,418,670,000	2,342,418,670,000
2. Share premium	412		3,323,062,514,020	3,323,062,514,020
3. Treasury shares	414		(157,228,060,975)	(138,219,350,615)
4. Investment and development fund	417		179,211,820,775	179,211,820,775
5. Other owners' funds	419		88,301,438,400	69,119,766,469
6. Retained earnings	420		398,932,352,379	307,684,456,115
C. MINORITY INTEREST	439		745,214,912,398	-
TOTAL RESOURCES (440=300+400+439)	440		12,399,873,804,616	10,771,204,428,792

OFF BALANCE SHEET ITEMS

ITEMS	Unit	31/12/2013	31/12/2012
1. Direct insurance contract of which liabilities not yet incurred	VND	1,874,982,740,548	989,097,581,167
2. Claims receivable from third parties	VND	39,634,632,565	41,976,447,838
3. Foreign currencies:			
United States Dollar	USD	18,165,310,50	19,208,971,63
Euro	EUR	71,421.41	347,395.05

Doan Thi Hong Thuy
Preparer
17 February 2014

Phung Tuan Kien
Chief Accountant

Bui Van Thuan
General Director

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

FORM B 02 - DN/HN

Unit: VND

ITEMS	Codes	Notes	Năm 2013	Năm 2012
1. Gross sales	01	26	7,337,884,369,969	5,596,670,456,724
2. Deductions	02	27	4,574,256,404,102	3,131,535,256,122
3. Net sales (10 = 01 - 02)	10		2,763,627,965,867	2,465,135,200,602
4. Cost of sales	11	28	1,186,236,224,106	1,252,749,466,668
5. Gross profit from sales (20 = 10 - 11)	20		1,577,391,741,761	1,212,385,733,934
6. Financial income	21	30	734,442,318,225	789,344,643,472
7. Financial expenses	22	31	239,709,869,782	216,134,078,410
8. Selling expenses	24		946,600,387,648	792,433,417,611
9. General and administration expenses	25		533,250,801,430	433,365,090,370
10. Operating profit	30		592,273,001,126	559,797,791,015
{30 = 20 + (21 - 22) - (24 + 25)}				
11. Other income	31		1,824,773,703	787,032,164
12. Other expenses	32		2,544,039,220	55,489,958
13. (Loss)/profit from other activities (40 = 31 - 32)	40		(719,265,517)	731,542,206
14. Share of associates' net (loss)	45		(53,655,810,905)	(11,067,129,377)
15. Accounting profit before tax	50		537,897,924,704	549,462,203,844
(50 = 30 + 40 + 45)				
16. Current corporate income tax expense	51	32	182,459,885,350	160,413,142,714
17. Net profit after corporate income tax	60		355,438,039,354	389,049,061,130
(60 = 50 - 51)				
17.1. Minority interest	61		24,952,228,785	-
17.2. Profit after tax of the parent company's shareholders	62		330,485,810,569	389,049,061,130
18. Basic earnings per share	70	33	1,461	1,813

Doan Thi Hong Thuy
Preparer
17 February 2014

Phung Tuan Kien
Chief Accountant

Bui Van Thuan
General Director

CONSOLIDATED CASH FLOW STATEMENT

(Direct method) For the year ended 31 December 2013

FORM B 03 - DN/HN

Unit: VND

ITEMS	Codes	2013	2012
I. Cash flows from operating activities			
1. Receipt from sales, services and others	01	6,651,213,667,684	5,316,987,592,358
2. Payment to suppliers for goods and services	02	(4,538,149,635,500)	(4,279,999,393,549)
3. Payment to employees	03	(321,687,079,260)	(272,241,186,432)
4. Payment to interest	04	(50,144,444,444)	(18,151,445,834)
5. Payment for corporate income tax and other amount payables to the State budget	05	(534,386,879,496)	(499,118,522,252)
6. Other cash inflows	06	1,065,561,969,305	559,784,995,951
7. Other cash outflows	07	(1,844,969,009,640)	(612,187,814,151)
Net cash from operating activities	20	427,438,588,649	195,074,226,091
II. Cash flows from investing activities			
1. Acquisition and construction of fixed assets and other long-term assets	21	(273,563,412,062)	(548,224,762,862)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	104,863,636	17,772,727
3. Cash out flow for lending, buying debt instruments of other entities	23	(7,855,063,636,368)	(7,735,359,231,737)
4. Cash recovered from lending, selling debt instruments of other entities	24	7,298,244,264,232	7,705,461,478,048
5. Investments in other entities	25	(30,251,000,000)	(59,206,507,505)
6. Cash recovered from investments in other entities	26	76,840,741,208	31,184,089,604
7. Interest earned, dividends and profit received	27	571,657,525,092	758,871,055,009
Net cash (used in)/from investing activities	30	(212,030,654,262)	152,743,893,284
III. Cash flows from financing activities			
1. Proceeds from issuing stocks, receiving capital from shareholders (i)	31	718,700,000,000	560,796,320,725
2. Buying treasury shares	32	(19,008,710,360)	(13,896,923,265)
3. Proceeds from borrowings	33	163,185,996,452	-
4. Repayment of borrowings	34	(55,000,000,000)	-
5. Dividends, profits paid	36	(124,724,610,000)	(307,764,378,000)
Net cash from financing activities	40	683,152,676,092	739,135,019,460
Net increase in cash (50 = 20+30+40)	50	898,560,610,479	1,086,953,138,835
Cash and cash equivalents at the beginning of the year	60	1,773,518,264,884	686,565,126,049
Cash and cash equivalents at the end of the year (70 = 50+60)	70	2,672,078,875,363	1,773,518,264,884

(i) Represents the cash inflows from the capital contribution made in the year by Sun Life Assurance Company of Canada, a minority shareholder, to Sun life Insurance Company Limited and by the minority shareholders to PVI Reinsurance Joint Stock Corporation.

Doan Thi Hong Thuy
Preparer

17 February 2014

Phung Tuan Kien
Chief Accountant

Bui Van Thuan
General Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

FORM B 09 - DN/HN

1. GENERAL INFORMATION

Structure of ownership

PVI Holdings (the “Company”), formerly known as PetroVietnam Insurance Joint Stock Corporation, was established and operates under Licence No. 42 GP/KDBH dated 12 March 2007 issued by the Ministry of Finance.

PVI Holdings’ shares have been listed on the Hanoi Securities Trading Center (currently known as the Hanoi Stock Exchange) with the stock symbol PVI since 10 August 2007.

On 28 June 2011, the 12th amended Business Licence No. 0100151161 was granted to PetroVietnam Insurance Joint Stock Corporation by Hanoi Department of Planning and Investment, in which the Company’s name was changed to PVI Holdings and some other principal activities were added.

The Company has officially operated under a parent - subsidiary structure in accordance with the latest business license since 01 August 2011.

As at 31 December 2013, the Company had 03 subsidiaries as follows:

- PVI Insurance Corporation (PVI Insurance)
- PVI Reinsurance Joint Stock Corporation (PVI Reinsurance)
- PVI Sun Life Insurance Company Limited (PVI Sun Life)

Details of subsidiaries:

Subsidiaries	Address	Bussiness segment	Charter Capital (VND)	Propotion of ownership interest and voting power held
PVI Insurance Corporation	154 Nguyen Thai Hoc, Ba Dinh District, Hanoi	None-life insurance business	1,850,000,000,000	100%
PVI Reinsurance Joint Stock Corporation	154 Nguyen Thai Hoc, Ba Dinh District, Hanoi	Reinsurance business	668,000,000,000	73,11%
PVI Sun Life Insurance Company Limited	20-22 Pham Ngoc Thach, Ho Chi Minh City	Life insurance business	1,000,000,000,000	51%

Principal activities

The Company and subsidiaries’ principal businesses include:

- Assets holdings;
- Insurance and reinsurance businesses;
- Financial services;
- Real estate business.

The number of employees of the Company and its subsidiaries as at 31 December 2013 was 1,935 (as at 31 December 2012: 1,524).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

Financial year

The Company’s financial year begins on 01 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

New guidance on management, usage and depreciation of fixed assets

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC (“Circular 45”) guiding the regime of management, usage and depreciation of fixed assets. This Circular supersedes Circular No. 203/2009/TT-BTC (“Circular 203”) dated 20 October 2009 of the Ministry of Finance guiding the regime of management, usage and depreciation of fixed assets. Circular 45 is effective from 10 June 2013 and is applied from financial year 2013 onwards. According to the Board of General Directors’ assessment, Circular 45 does not have material effect on the Company’s consolidated financial statements for the year ended 31 December 2013.

New guidance on provision for impairment of long-term investments into other entities

On 28 June 2013, the Ministry of Finance issued Circular No. 89/2013/TT-BTC (“Circular 89”) amending and supplementing Circular No. 228/2009/TT-BTC (“Circular 228”) dates 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises. Circular 89 is effective from 26 July 2013. According to the Board of General Directors’ assessment, Circular 89 does not have material effect on the Company’s consolidated financial statements for the year ended 31 December 2013.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these consolidated financial statements, are as follows:

Estimates

The preparation of consolidated financial statement in conformity with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Although these accounting estimates are based on the management’s best knowledge, actual results could differ from those estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

FORM B 09 - DN/HN

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

All inter-company transactions and balances between the Company and its subsidiaries and among subsidiaries are eliminated on consolidation.

Financial instruments

Initial recognition

Financial assets:

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets comprise cash, cash equivalents, trade receivables, other receivables, investments (excluding investments in associates) and other financial assets.

Financial liabilities:

At the date of initial recognition, financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities comprise trade payables, other payables, accrual expenses, claim reserve and loans

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instrument after initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for doubtful debts

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

For re-insurance business, the Company applies the receivable collection period of 9 months from the transaction date to all the re-insurance receivables; accordingly, provision for doubtful debts is made for receivables that are outstanding for more than 15 months from transaction date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase price and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	2013
	Year
Buildings, structures	25
Motor vehicles	6
Office equipment	3 - 5

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation.

Intangible assets represent land use rights, accounting software, management software, and copyrights of other software (collectively referred to as “computer software”). Computer software is amortized using the straight-line method over the estimated useful lives of 3 years. Indefinite-term land use rights are not amortized as per prevailing relevant regulations.

Difference from revaluation of state’s net assets in equitisation

On 20 October 2009, the Ministry of Finance issued Circular No. 203/2009/TT-BTC guiding regime on management, use and depreciation of fixed assets for enterprises established and operating in Vietnam (currently, replaced by Circular No. 45/2013/TT-BTC dated 25 April 2013 and effective from 10 June 2013). Accordingly, “where a wholly State-owned enterprise undergoes enterprise valuation by the discounted cash flow (DCF) method for equitisation purposes and there is an increase in the actual value of the State portion compared to the value recorded in the books of accounts. Such increase shall not be recorded as an intangible fixed asset and gradually allocated to production and business expenses during a period of not exceeding 10 years. The time for commencing the allocation to expenses shall be the time when the enterprise officially converts to a joint stock company (as per its business registration certificate)”. Circular No. 203/2009/TT-BTC effective from 01 January 2010 was applied by the Company to record the difference of VND 213,785,395,213 between the actual value of the State portion as at 31 December 2005 (the date of determining the value of enterprise for equitization) and the book value of State’s net assets as long-term prepaid expenses. Such long-term prepayments are amortised over 8 years from 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for the purposes not yet determined, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Interests in associates are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Company's share of the net assets of the associate. Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognised.

Where a group entity transactions with a associate of the Company, unrealised profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

Investments in securities

Investments in securities are recognised on the trade date basis and are initially measured at cost including directly attributable transaction costs.

For subsequent reporting periods, investments in securities are measured at cost, less provision for impairment of investments in securities. Provisions for impairment of investments in securities are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, impairment loss of financial investments, bad debts and warranty for products, goods and construction works at enterprise, Circular No. 89/2013/TT-BTC dated 28 June 2013 amending and supplementing Circular No 228/2009/TT-BTC and other prevailing accounting regulations.

For the other long-term investments, the Company makes provisions based on the investees' latest obtained financial statements. The Board of General Directors believes that there is no significant change in the financial statements in comparison with the latest obtained financial statements used by the Company for provision-making that has significant impacts on provisions made by the Company. The Company did not make provisions for impairment of the investments in the companies that are under construction and have planned losses in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance and Circular No. 89/2013/TT-BTC dated 28 June 2013 amending and supplementing Circular No. 228/2009/TT-BTC.

Foreign currencies

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" and Circular No. 179/2012/TT-BTC dated 24 October 2012 of the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are recognised in the consolidated income statement when incurred.

Taxation

Income tax expense represents the sum of the current tax payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. As there was no significant temporary difference during the period, the Company did not recognise any deferred tax in these consolidated financial statements.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the current tax expense payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examination.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

Provisions

Provisions are recognised when the Company has a present obligation as a result of past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the consolidated balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise funds

All profits are used to pay dividends for shareholders, allocate to bonus and welfare funds, allocate to bonus fund for the management and other reserves subject to decisions by shareholders at the Annual General Meeting. The allocation ratio shall be decided at the Shareholders' General Meeting as per the request of the Board of Management. According to the Company's Charter, the Board of Management is able to pay mid-year dividends if such payment is considered as appropriate with the Company's profitability.

Revenue recognition

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the consolidated balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the mount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate. Dividend income from investments is recognised when the Company's right to receive payment has been established.

Significant accounting policies related to insurance business

The Company makes underwriting reserves as regulated in Article 96 of the Law on Insurance Business, Decree No. 46/2007/ND-CP dated 27 March 2007 of the Government and Circular No. 125/2012/TT-BTC issued by the Ministry of Finance date of 30 July 2012, accordingly:

None Life Insurance underwriting reserves

Unearned premium reserve: Unearned premium reserve is provided for in line with 1/24 method.

Claim reserve: The Company provides reserve against losses that incurred and reported, using the statistics of retention liabilities for each estimated loss for both of direct policies and reinsurance policies. Claim reserves for losses incurred but not reported (IBNR) have been evaluated based on statistics of historical data.

Catastrophe reserve: In accordance with Vietnamese Accounting Standard No. 19-"Insurance Contract", reserve to cover the losses in the future of which the claims do not appear at the consolidated balance sheet date (including catastrophe reserve) is deemed unnecessary. However, following regulations of the Ministry of Finance, the Company's catastrophe reserve for all types of insurance services were consistently provided at 3% of the premium retained in the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies related to insurance business (Continued)

Life Insurance underwriting reserves

Mathematical reserves: Mathematical reserve is calculated using net premium or gross premium method based on each type of insurance product, assumptions and methods registered by the Company and approved by the Ministry of Finance.

Unearned premium reserve: Unearned premium reserve is provided for insurance premium for periods after balance sheet date but recognized in the year. Unearned premium reserve is calculated by the Company for all insurance policies of less or over one year.

Outstanding compensation claim: Outstanding compensation claim is provided for by summarizing claim or damage incurred but yet to be settled as at the balance sheet date.

Balance reserve: Balance reserve is provided annually as one (01) per cent of the profit before tax and made up until the time when this reserve is equal to five (05) per cent of the premium collected in the fiscal year of an insurer.

Technical reserves for universal life products:

- Insurance risk reserve is provided either of the reserve calculated by the unearned premium method, equal 100% cost of insurance expense received during the period, in order to cover all expenses arising in the future during the entire term of the policy.
- Indemnity reserve, which is set up upon each dossier at a level calculated on the basis of insurance sums to be paid to each dossier under which a claim for indemnity to be paid by the insurance business has been made but remains unsettled at the end of the fiscal year.
- Professional operation reserve for the universal life insurance fund component, which is the surrender values of the policy in the universal life fund. The surrender values of the universal life insurance fund must ensure that the consistent made in the insurance policies will be honored.
- Resilience reserve, which is used to fulfill the insurance enterprise's commitments to the policyholders as agreed in the insurance policy when the investment markets undergoes large fluctuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

FORM B 09 - DN/HN

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies related to insurance business (Continued)

Revenue recognition

Direct insurance premium

Direct insurance premium of the Company is recognized when the issued policy comes into effect or divided into collectible terms for long-period policies.

Life insurance premium

Premium from life insurance premium comprises single premium and regular premium which are recognized on accrual basis; outstanding premium is recorded as revenue within the premium grace period allowed in the life assurance policies or when surrender value of the insurance policies are ensured. Premium due after the reporting period but received before the balance sheet date are shown as “premium in advance” and included in the “Other Payables” item in the balance sheet.

Total premium received from Universal Life (UL) policyholders are recognized as revenue. Policyholders account value is calculated by Actuary and recognized through technical reserves in the balance sheet. Premium from UL products is recorded separately for revenue of Segregate Fund (for investment purpose) and General Fund (for insurance purpose).

Re-insurance premium

Premium from re-insurance inward activities is recorded at the amount stated on the reinsures’ statement sent to the Company and confirmed by the Company. Premium of reinsurance outward is recorded at the amount that has incurred for transferring to the reinsurers, corresponding to the revenue of direct premium recorded in the period.

Expenses

Claim settlement expenses of direct insurance are recorded as incurred, that is, when the Company accepts to settle the insured’s claims following respective settlement notice.

Claim settlements of reinsurance inward activities are recorded as incurred following the statement of accounts that the reinsures have sent to the Company and the claim is accepted by the Company.

Claim recoverable from the reinsures is recognized based on the receivable amount incurred corresponding with the claim settlement expenses recorded in the period and the ceded ratios.

Expenses for settlement of life insurance claims represent those for liquidation of insurance policies, termination of insurance policies prior to its maturity and insurance claims, which are recognized upon documents for settlement of insurance claims approved by the Company.

Commission from direct insurance activities and other expenses are recognized when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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5. CASH AND CASH EQUIVALENTS

	31/12/2013 VND	31/12/2012 VND
Cash on hand	2,046,494,793	1,867,280,662
Cash in bank	528,522,380,570	1,005,758,984,222
Cash in transit	-	12,000,000
Cash equivalents (i)	2,141,510,000,000	765,880,000,000
	2,672,078,875,363	1,773,518,264,884

(i) Cash equivalents represent term deposits which will mature within three months at domestic credit institutions.

6. SHORT- TERM FINANCIAL INVESTMENTS

	31/12/2013 VND	31/12/2012 VND
Short-term investments in securities	181,193,110,433	243,445,934,805
Securities repurchase agreements	-	63,334,494,426
Term deposits at credit institutions (i)	4,564,860,000,000	3,516,000,000,000
Short-term entrusted investments (ii)	492,372,089,700	547,372,089,700
Co-operation contract of investments in listed securities (iii)	23,813,323,818	142,165,750,318
Co-operation contract of investments in real estate (iv)	695,000,000,000	844,085,000,000
Other short-term investments (v)	370,200,000,000	-
Provision for impairment of short-term investments	(192,304,136,855)	(80,573,262,191)
	6,135,134,387,096	5,275,830,007,058

(i) Term deposit at credit institutions represent term deposits at domestic credit institutions which will mature from 3 months to 1 year.

(ii) Under the short-term entrusted investment agreements, the Company gains fixed interest and bears no risk in using the entrusted funds. The Company is exposed to credit risk regarding the agreement which is not guaranteed by collaterals.

(iii) Under co-operation contract of investments in listed securities, the Company contributes capital with other partners for purchasing listed securities, enjoys fixed interest and does not bear any risk from the investments. The Company has the right to blockade and sell securities to recover its capital, in case the market price decreases by 30% in comparison with the reference price stated in the investment co-operation contract. The contract has an effective duration of 1 year and can be early terminated. The Company fully made provision for overdue contracts which are assessed to be difficult to be recovered.

(iv) Under co-operation contract on investments in real estates, the Company contributes capital with other partners in real estate projects, enjoys fixed interest and does not bear any risk from the investments. The Company accepted collaterals that are real estates evaluated by evaluation firms. In case partners failed to fulfill their obligations to the Company upon expiry of the contract, the Company has full right to sell the collaterals to recover the invested capital. The contract has an effective duration of 1 year and can be early terminated as agreed by both parties. The Board of General Directors assessed the partners’ financial capacity based on best estimate as well as the value of the collaterals and made full provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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6. SHORT- TERM FINANCIAL INVESTMENTS (Continued)

(v) Others short-term investments included:

- Corporate bonds of VND 40 billion, which are matured on 31 December 2013. The accrual interest as at 31 December 2013 is VND 6.1 billion. According to the PG Bank's bond payment guarantee No. 27/BLTTTP/PGB-2010 dated 31 December 2010, if the issuer does not perform payment obligations and conditions when they are matured, PG Bank will perform its payment obligations within 01 working day from when the Company has made a request in writing or when it has received payment announcement from payment agency regarding the issuer's violation in bond payment obligations.

- Corporate bonds of VND 200 billion which was matured in February 2013. The accrued interest as at 31 December 2013 is VND 35,672,222,222 (as at 31 December 2012: VND 35,672,222,222). The Company has ceased recognising accrued interest since 01 January 2012. In addition, as at 31 December 2013, the Company made provision of VND 35,672,222,222 for the accrued interest which is overdue (such provision is presented in the "Provision for doubtful debts" item) and provision of VND 60 billion for the bond principal based on the impairment of collaterals.

- The investment of VND 30 billion in PetroVietnam Hospital Joint Stock Company and the investment of VND 20.2 billion in V-CAR Services Joint Stock Company, which were approved to be transferred in the forthcoming period. The Company is performing necessary procedures for such transfer, accordingly, such investments are reclassified from Investments in associates as at 31 December 2012.

- The investment of VND 30 billion in PetroVietnam - SSG Real Estate Joint Stock Company, which is under an ownership transfer contract to a partner signed on 31 December 2013 and ownership transfer procedures are in process. Such investment is reclassified from Other investment as at 31 December 2012.

- Corporate bonds of VND 50 billion which will mature on 30 November 2014. Such bond is reclassified from other long-term investments as at 31 December 2012.

7. TRADE ACCOUNTS RECEIVABLE

	31/12/2013 VND	31/12/2012 VND
Trade accounts receivable	1,375,440,865,030	1,124,067,119,187
Receivables from direct insurance premium	328,171,991,265	350,939,666,334
Receivables from reinsurance - inward	171,263,903,782	159,395,838,448
Receivables from reinsurance - outward	316,583,894,663	238,979,093,295
Receivables from insurance brokerage	-	25,257,784
Receivables from financial investments	508,496,559,567	369,869,934,400
Receivables from non-insurance business	2,674,599,542	2,674,599,542
Other trade receivables	48,249,916,211	2,182,729,384
Provision for short-term doubtful debts	(211,302,670,366)	(170,837,178,370)
Provision for premium fee	(110,374,092,160)	(96,192,971,326)
Provision for interest on long-term entrusted investments	(39,877,039,901)	(39,877,039,901)
Provision for accrued bond interest	(35,672,222,222)	(17,796,666,669)
Provision for other short-term doubtful debts	(25,379,316,083)	(16,970,500,474)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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8. ADVANCES TO SUPPLIERS

	31/12/2013 VND	31/12/2012 VND
Advances under apartment purchase contract	96,191,095,147	63,209,770,122
- Olalani project (Da Nang)	96,191,095,147	63,209,770,122
Other advances	47,426,824,126	5,095,608,118
	143,617,919,273	68,305,378,240

9. OTHER RECEIVABLES

	31/12/2013 VND	31/12/2012 VND
PVI Sun Life Insurance Limited Company	-	51,000,000,000
Receivables from PetroVietnam Hospital Joint Stock Company on transferring of hospital (i)	47,321,768,568	43,019,789,607
Advances for direct claims	32,065,519,767	35,473,759,635
	24,437,631,383	22,620,072,680
Others	103,824,919,718	152,113,621,922

(i) Represents a receivable from PetroVietnam Hospital Joint Stock Company on the transfer of property in hospital under Transfer Contract No. 01/2011/PVI-PVH dated 01 June 2011 and Appendix No. PL01-01/2011/PVI-PVH dated 22 November 2012 between PetroVietnam Hospital Joint Stock Company and the Company.

10. OTHER SHORT-TERM ASSETS

	31/12/2013 VND	31/12/2012 VND
Advances to employees	34,040,757,188	21,486,383,088
Short-term deposits and mortgages	1,127,066,673	42,569,128,777
	35,167,823,861	64,055,511,865

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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11. TANGIBLE FIXED ASSETS

	Buildings, structures VND	Motor vehicles VND	Office equipment VND	Total VND
COST				
As at 01/01/2013	34,219,425,365	52,590,952,907	58,800,505,101	145,610,883,373
Additions	432,727,273	8,596,374,546	91,691,353,682	100,720,455,501
Decreases (i)	32,791,818	641,944,826	29,637,669,831	30,312,406,475
As at 31/12/2013	34,619,360,820	60,545,382,627	120,854,188,952	216,018,932,399
ACCUMULATED DEPRECIATION				
As at 01/01/2013	12,598,648,442	27,423,457,258	48,522,619,394	88,544,725,094
Charge for the year	1,649,641,531	7,616,718,558	18,841,704,179	28,108,064,268
Other additions	346,418,930	-	844,599,093	1,191,018,023
Decreases (i)	5,127,662	591,015,976	24,001,458,637	24,597,602,275
As at 31/12/2013	14,589,581,241	34,449,159,840	44,207,464,029	93,246,205,110
NET BOOK VALUE				
As at 31/12/2013	20,029,779,579	26,096,222,787	76,646,724,923	122,772,727,289
As at 31/12/2012	21,620,776,923	25,167,495,649	10,277,885,707	57,066,158,279

(i) Represent decreases in costs and accumulated depreciation of the assets at as cost less than VND 30,000,000 in accordance with Circular No. 45/2013/TT-BTC date 25 April 2013 issued by the Ministry of Finance.

The cost of the Company's tangible fixed assets includes VND 43,466,555,626 (31/12/2012: VND 42,984,381,424) of fixed assets which have been fully depreciated but are still use.

12. INTANGIBLE FIXED ASSETS

	Computer software VND	Land use rights VND	Total VND
COST			
As at 01/01/2013	38,365,311,482	27,581,865,340	65,947,176,822
Additions	66,479,845,326	-	66,479,845,326
Decreases	114,830,100	-	114,830,100
As at 31/12/2013	104,730,326,708	27,581,865,340	132,312,192,048
ACCUMULATED AMORTISATION			
As at 01/01/2013	23,439,661,352	-	23,439,661,352
Charge for the year	18,443,708,065	-	18,443,708,065
Decreases	114,830,100	-	114,830,100
As at 31/12/2013	41,768,539,317	-	41,768,539,317
NET BOOK VALUE			
As at 31/12/2013	62,961,787,391	27,581,865,340	90,543,652,731
As at 31/12/2012	14,925,650,130	27,581,865,340	42,507,515,470

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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13. CONSTRUCTION IN PROGRESS

	31/12/2013 VND	31/12/2012 VND
PVI Tower Office Building Project at Yen Hoa, Cau Giay, Hanoi (i)	1,164,281,365,059	930,681,882,930
Others	343,784,000	1,205,758,000
	1,164,625,149,059	931,887,640,930

(i) As stated in Note 23, the Company used the property formed from the loan, which is PVI Tower office building in Yen Hoa ward, Cau Giay district, Hanoi, to guarantee the bank loan in Vietnam Import Export Commercial Joint Stock Bank. Borrowing costs of VND 63,317,451,051 (2012 : VND 26,033,333,334) were entirely capitalized into construction in progress for the period.

14. INVESTMENTS IN ASSOCIATES

	31/12/2013 VND	31/12/2012 VND
PV2 Investment Joint Stock Company	138,721,893,200	138,721,893,200
Nangluongmoi Trading and Communication Joint Stock Company (i)	-	46,912,303,800
Sapa Petroleum Tourism Joint Stock Company (ii)	-	78,894,557,965
PetroVietnam Hospital Joint Stock Company (iii)	-	30,000,000,000
Viet Housing International Investment and Development Joint Stock Company	102,000,000,000	102,000,000,000
V-CAR Services Joint Stock Company (iii)	-	20,200,000,000
Cost of investments in associates	204,721,893,200	416,728,754,965
Company's share of associates' net (loss)	(41,676,147,539)	(6,299,768,586)
	199,045,745,661	410,428,986,379

(i) On 17 August 2012, the Board of Management issued Resolution No. 21/NQ-PVI on approval for dissolution of Nangluongmoi Trading and Communication Joint Stock Company. Currently, the procedures for dissolution of Nangluongmoi Trading and Communication Joint Stock Company have been completed, however, the Company recovered the capital invested in this company with the amount of about VND 39,581,761,208.

(ii) In the year, the Company completely transferred the share investment in Sapa Petroleum Tourism Joint Stock Company to Viet Housing International Investment and Development Joint Stock Company.

(iii) The investments in PetroVietnam Hospital Joint Stock Company and V-CAR Services Joint Stock Company have been approved to be transferred in the forthcoming period. The Company is performing necessary procedures for such transfer, accordingly, such investments were reclassified as other short-term investments (Note 6).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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14. INVESTMENTS IN ASSOCIATES (Continued)

Details of the Company's associates as at 31 December 2013 are as follows :

Name of associates	Place of incorporation and operation	Proportion of ownership interest (per paid-in share capital) %	Proportion of voting power held %	Principal activities
PV2 Investment Joint Stock Company	Ha Noi, Viet Nam	36.4	36.4	Real-estate bussiness and finance investments
Viet Housing International Investment and Development Joint Stock Company	Ho Chi Minh City, Vietnam	25.5	25.5	Real-estate bussiness

Summarised financial information in respect of the Company's associates is as follows:

	2013 VND	2012 VND
Opening balance	410,428,986,379	421,007,557,671
Change in investments in associates	(155,440,992,197)	488,558,085
Share of (loss) of associates	(53,655,810,905)	(11,067,129,377)
Impacts of changes in ownership ratio at associates	(2,286,437,616)	-
Closing balance	199,045,745,661	410,428,986,379

15. OTHER LONG-TERM INVESTMENTS

	31/12/2013 VND	31/12/2012 VND
Shares (i)	409,097,437,904	428,289,987,630
Bonds (ii)	10,000,000,000	360,000,000,000
Entrusted investments (iii)	170,107,360,801	196,392,231,326
Others	1,600,000,000	-
	590,804,798,705	984,682,218,956

- (i) Represents capital contribution to other companies with the holding period of more than one year.
- (ii) In the year, the Company transferred investments of VND 290 billion in bonds, which either became mature but have not been recovered or will mature within 1 year, to the short-term financial investments (see Note 6), and recovered VND 60 billion from the bond issuer.
- (iii) Represents the balance of the purpose-nominated trusted loan granted via commercial banks. According to the entrusted loan agreements, the Company enjoys interest at the floating rate and is exposed to risk in using the entrusted funds. As at 31 December 2013, the loan principal and interest were overdue. The Board of General Directors has made provision of VND 209,984,400,702 for the overdue part (of which VND 170,107,360,801 was made for the overdue principal as described in Note 16 and VND 39,877,039,901 was made for the overdue interest as described in Note 7) on best estimate of the trustees' debt repayability and believes that the trustees will fulfill their commitments to repay the debts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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16. PROVISION FOR IMPAIRMENT OF LONG-TERM INVESTMENTS

	31/12/2013 VND	31/12/2012 VND
Provision for impairment of long-term entrusted investments	(170,107,360,801)	(120,000,000,000)
Other provisions	(23,019,754,817)	(56,353,068,338)
	(193,127,115,618)	(176,353,068,338)

17. LONG-TERM PREPAYMENTS

	2013 VND	2012 VND
Opening balance	114,687,513,742	135,345,435,486
Additions	26,602,257,860	12,587,284,834
Allocated to expenses	(37,227,760,568)	(33,245,206,578)
Closing balance	104,062,011,034	114,687,513,742

18. SHORT-TERM LOANS AND LIABILITIES

Short-term loans and liabilities represent the current portion payable within 12 months of the long-term loan obtained from Vietnam Export Import Commercial Joint-Stock Bank (Eximbank) - Long Bien branch (Note 23 - Long-term loans and liabilities).

19. TRADE ACCOUNTS PAYABLE

	31/12/2013 VND	31/12/2012 VND
Payables for direct insurance activities	127,769,232,659	142,733,475,711
Payables for returned insurance premium	18,084,775,452	11,895,512,405
Payables for reinsurance premium - inward	116,598,043,854	46,608,868,379
Payables for reinsurance premium - outward	1,002,820,689,674	756,433,032,443
Other trade accounts payable	247,358,619,239	150,485,238,941
	1,512,631,360,878	1,108,156,127,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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20. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

Unit: VND

	01/01/2013	Movement during the year		31/12/2013
		Payables	Paid	
Value Added Tax on domestic sales	12,617,305,832	348,740,074,359	353,434,195,048	7,923,185,143
Corporate Income Tax	46,896,327,407	184,769,348,912	145,569,324,130	86,096,352,189
Business licence tax	-	48,500,000	48,500,000	-
Other taxes and charges	8,697,447,438	36,482,684,035	35,334,860,318	9,845,271,155
	68,211,080,677	570,040,607,306	534,386,879,496	103,864,808,487

21. OTHER CURRENT PAYABLES

	31/12/2013 VND	31/12/2012 VND
Vietnam Oil and Gas Group	113,841,560,568	1,095,807,489,680
PetroVietnam Hospital Joint Stock Company	40,197,208,333	38,399,229,371
Dividend payables (other than Vietnam Oil and Gas Group)	114,484,021,600	-
Others	33,929,579,933	31,822,715,672
	302,452,370,434	1,166,029,434,723

22. SHORT-TERM PROVISIONS

	31/12/2013 VND	31/12/2012 VND
Unearned premium reserve	1,138,646,979,544	929,629,476,258
Claim reserve	604,823,791,008	718,323,426,065
Catastrophe reserve	122,209,255,172	109,854,910,131
Life insurance reserves	916,862,901,270	-
	2,782,542,926,994	1,757,807,812,454

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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23. LONG-TERM LOANS AND LIABILITIES

	31/12/2013 VND	31/12/2012 VND
Vietnam Export Import Commercial Joint-Stock Bank (i)	502,397,110,500	500,000,000,000
Southeast Asia Joint Stock Commercial Bank (ii)	35,788,885,952	-
	538,185,996,452	500,000,000,000

(i) Long-term loan from Vietnam Export Import Commercial Joint-Stock Bank including:

(a) On 21 August 2012, the Company entered into a long-term loan agreement with Vietnam Export Import Commercial Joint-Stock Bank (Eximbank) - Long Bien Branch with the amount of VND 500 billion. The principal will be repaid in 8 installments commencing from 21 February 2014 to 21 August 2017. The loan bears a fixed interest rate of 14.2% p.a. for the first six months, then will be adjusted quarterly. The interest rate is adjusted every 3 months, equal to the VND deposit interest rate for 13-month term with term-end interest payment announced by Eximbank plus margin of 3.5%/p.a, and is paid monthly. The Company used the property formed from the loan, which is PVI Tower office building in Yen Hoa ward, Cau Giay, Hanoi to guarantee this loan (see Note 13).

(b) On 28 December 2013, the Company entered into a long-term loan agreement with Vietnam Export Import Commercial Joint-Stock Bank (Eximbank) - Long Bien Branch with the amount of VND 127,397,110,500. The principal will be repaid in 8 installments commencing from 28 June 2015 to 28 December 2018. The loan bears a fixed interest rate of 10.5% p.a. for the first six months, the will be adjusted half-yearly. The interest rate is adjusted every 6 months, equal to the VND deposit interest rate for 12-month term with term-end interest payment announced by Eximbank plus margin of 2.5% p.a. The Company used the property formed from the loan, which is PVI Tower office building in Yen Hoa ward, Cau Giay district, Hanoi to guarantee for this loan (see Note 13).

(ii) On 10 September 2013, the Company entered into a medium - long term loan agreement with Southeast Asia Joint Stock Commercial Bank - Lang Ha Branch (SeaBank Lang Ha). The credit limit of the loan is VND 70 billion, the five-year term loan is used to complete interiors accompanying with the PVI Tower. The loan is secured by Deposit Contract No. 02/2013TG/SeaBankHO-PVI dated 20 June 2013. The loan bears interest rate that is equal to interest rate of secured deposit contract plus 1.6% per annum and and interest is paid every 6 months. The loan principal is repaid as committed in each debt acknowledgement. As at 31 December 2013, the balance of principal payable is VND 35,788,885,952.

Schedule of principal repayment is below:

	31/12/2013 VND	31/12/2012 VND
Within 1 year	70,000,000,000	-
In the second year	156,849,277,626	125,000,000,000
From the third to the fifth year inclusive	381,336,718,826	375,000,000,000
	608,185,996,452	500,000,000,000
Less: Amount due to settlement within 12 months (Note 18)	70,000,000,000	-
Amount due to settlement after 12 months	538,185,996,452	500,000,000,000

24. OWNERS' EQUITY

	Owner's contributed capital VND	Share premium VND	Treasury share VND	Foreign exchange reserve VND	Investment and development fund VND	Other owner's funds VND	Retained earnings VND	Total VND
As at 01/01/2012	2,129,471,520,000	2,974,771,778,198	(124,322,427,350)	(3,470,275,408)	179,211,820,775	51,638,058,907	254,048,490,805	5,461,348,965,927
Capital contributions	212,947,150,000	347,849,170,725	-	-	-	-	-	560,796,320,725
Purchase of treasury shares	-	-	(13,896,923,265)	-	-	-	-	(13,896,923,265)
Profit for the year	-	-	-	-	-	-	389,049,061,130	389,049,061,130
Allocated to compulsory reserve fund	-	-	-	-	-	17,481,707,562	(17,481,707,562)	-
Allocated to bonus and welfare funds	-	-	-	-	-	-	(20,000,000,000)	(20,000,000,000)
Other disbursement	-	(630,000,000)	-	-	-	-	-	(630,000,000)
Dividends declared	-	-	-	-	-	-	(307,764,378,000)	(307,764,378,000)
Foreign exchange differences	-	-	-	3,470,275,408	-	-	-	3,470,275,408
Adjustment under the State Audit's report	-	-	-	-	-	-	7,025,072,501	7,025,072,501
Others	-	1,071,565,097	-	-	-	-	2,807,917,241	3,879,482,338
As at 01/01/2013	2,342,418,670,000	3,323,062,514,020	(138,219,350,615)	-	179,211,820,775	69,119,766,469	307,684,456,115	6,083,277,876,764
Purchase of treasury shares (i)	-	-	(19,008,710,360)	-	-	-	-	(19,008,710,360)
Profit for the year	-	-	-	-	-	-	355,438,039,354	355,438,039,354
Minority interest	-	-	-	-	-	-	(24,952,228,785)	(24,952,228,785)
Allocated to compulsory reserve fund (ii)	-	-	-	-	-	19,181,671,931	(19,181,671,931)	-
Allocated to bonus and welfare funds (iii)	-	-	-	-	-	-	(29,861,384,229)	(29,861,384,229)
Dividends payable (iv)	-	-	-	-	-	-	(181,003,813,600)	(181,003,813,600)
Allocated to management bonus fund (v)	-	-	-	-	-	-	(3,762,203,029)	(3,762,203,029)
Others (vi)	-	-	-	-	-	-	(5,428,841,516)	(5,428,841,516)
As at 31/12/2013	2,342,418,670,000	3,323,062,514,020	(157,228,060,975)	-	179,211,820,775	88,301,438,400	398,932,352,379	6,174,698,734,599

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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24. OWNERS' EQUITY (Continued)

- (i) During the year, the Company bought back 1,056,800 shares.
- (ii) Compulsory reserve fund is allocated from profit after tax of insurance companies at the rate of 5% until its balance is equal to 10% of the charter capital under Article 30, Decree No. 46/2007/ND-CP date 27 March 2007 of the Government.
- (iii) Allocation to Bonus and welfare funds regarding the outstanding amount of year 2012 and temporarily distribution to Bonus and welfare funds as per the 2013 plan were approved under Resolution No. 01/2013/NQ-DHDCD dated 25 April 2013 passed at the annual general meeting of shareholders.
- (iv) This amount represents the 2012 outstanding dividends payable (equivalent to 8% of post-tax profit) after interim dividend payment of 7% of the 2012 profit after tax. The 2012 dividends were approved under Resolution No. 01/2013/NQ-DHDCD dated 25 April 2013 passed annual general meeting of shareholders. The outstanding 2012 dividends payable are recognized as "Other current payables" as at 31 December 2013.
- (v) In the annual general meeting of shareholders, distribution to management bonus fund was approved at 1% of the 2012 post-tax profit) under Resolution No. 01/2013/NQ-DHDCD dated 25 April 2013.
- (vi) Other decreases represent mainly additional tax payable under the taxation finalisation minutes.

Details of charter capital are as follows :

	Capital contribution as at 31/12/2013 VND	Ratio %	Capital contribution as at 31/12/2012 VND	Ratio %
Vietnam Oil and Gas Group	831,497,400,000	35.50	831,497,400,000	35.50
HDI-Gerling Industrie Versicherung AG (under Talanx Group)	745,315,030,000	31.82	745,315,030,000	31.82
Funderburk Lighthouse Limited	271,178,950,000	11.58	271,178,410,000	11.58
PVcomBank	145,932,430,000	6.22	145,932,430,000	6.22
Other shareholders	348,494,860,000	14.88	348,495,400,000	14.88
	2,342,418,670,000	100	2,342,418,670,000	100

Shares

As at 31 December 2013, the number of outstanding shares of the Company was as follows:

	31/12/2013	31/12/2012
Number of shares registered	Shares	Shares
Common shares	234,241,867	234,241,867
Number of shares issued	234,241,867	234,241,867
Common shares	234,241,867	234,241,867
Number of treasury shares	8,827,700	7,770,900
Common shares	8,827,700	7,770,900
Number of outstanding shares	225,414,167	226,470,967
Common shares	225,414,167	226,470,967

Par value of outstanding shares: VND 10,000 per shares.

25. SEGMENT REPORT

Geographical segments

The Company has no business activity out of the territory of Vietnam; therefore, the Company has no geographical segment outside Vietnam.

Business segments

For management purposes, the Company is organised into 4 operating divisions: investment, non-life direct insurance, non-life reinsurance and life insurance. The Company prepares the segment report according to these four divisions.

Main activities of the four sectors are as follows:

Investment: mainly term deposits, bonds, shares, investment trusts, and investment cooperation;

Non-life direct insurance: non-life insurance business;

Non-life reinsurance: Inward/outward reinsurance business;

Life insurances: Life insurance business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)
(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

25. SEGMENT REPORT (Continued)

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Unit: VND

The Company's segment business informations as follow :

Balance sheet as at 31 December 2013 :

Items	Insurance			Investment division	Elimination	Total
	Non-life direct insurance division	Reinsurance division	Life insurance division			
Segment assets	665,649,817,666	1,032,513,608,442	251,258,908,244	13,777,903,931,273	(3,327,452,461,009)	12,399,873,804,616
Segment liabilities	1,877,079,847,829	2,060,228,138,075	1,027,728,267,122	950,767,955,661	(435,844,051,068)	5,479,960,157,619

Income statement for the year ended 31 December 2013:

Items	Insurance			Investment division	Elimination	Total
	Non-life direct insurance division	Reinsurance division	Life insurance division			
Net sales by segment	1,889,479,373,045	973,849,040,474	106,937,829,514	1,040,647,806,873	(566,499,576,719)	3,444,414,473,187
Insurance	1,889,479,373,045	973,849,040,474	106,937,829,514	-	(206,638,277,166)	2,763,627,965,867
Investment	-	-	-	1,040,647,806,873	(359,861,299,553)	680,786,507,320
Expenses by segment	1,629,257,066,791	962,715,274,953	138,166,311,908	443,521,704,236	(267,143,809,405)	2,906,516,548,483
Profit before tax segment	260,222,306,253	11,133,765,522	(31,228,482,394)	597,126,102,637	(299,355,767,314)	537,897,924,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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26. GROSS SALES

	2013 VND	2012 VND
Premium from direct insurance	6,125,152,936,059	4,658,979,488,362
Premium from reinsurance inward	917,215,205,295	613,212,751,480
Commission from reinsurance outward	279,233,174,939	253,307,040,953
Other income from insurance activities	15,906,761,804	28,151,386,322
Income from non-insurance business	376,291,872	43,019,789,607
	7,337,884,369,969	5,596,670,456,724

27. DEDUCTIONS

	2013 VND	2012 VND
Reinsurance outward premium	3,197,579,493,177	2,941,555,616,095
Increase in unearned premium reserve	209,017,503,286	47,864,109,288
Increase in life insurance reserve	916,862,901,270	-
Returned premium	240,638,446,849	136,311,389,095
Other deductions	10,158,059,520	5,804,141,644
	4,574,256,404,102	3,131,535,256,122

28. COST OF SALES

	2013 VND	2012 VND
Claim settlements of direct policies	1,160,921,236,219	1,128,447,176,752
Claim settlements of assumed policies	551,105,970,608	136,594,757,220
Deduction to expenses	(770,692,141,129)	(591,580,139,246)
- <i>Claims receipt from ceded policies</i>	(760,496,020,406)	(584,551,759,201)
- <i>Receipt of claim from third parties</i>	(5,729,320,565)	(1,654,979,415)
- <i>Receipt of 100% of claim from goods</i>	(4,466,800,158)	(5,373,400,630)
Claim payment from catastrophe provision	(65,044,935,749)	(30,089,845,888)
Increase in claim reserve	(114,470,986,462)	283,082,170,919
Increase in catastrophe reserve	77,399,280,790	65,829,757,040
Other expenses for insurance activities	347,017,799,829	217,445,800,264
- <i>Other expenses for direct insurance services</i>	82,592,331,601	53,254,914,034
- <i>Other expenses for reinsurance inward</i>	205,233,803,850	120,703,767,991
- <i>Other expenses for reinsurance outward</i>	59,191,664,378	43,487,118,239
Cost of non-insurance business	-	43,019,789,607
	1,186,236,224,106	1,252,749,466,668

29. COST BY NATURE

	2013 VND	2012 VND
Expenses for insurance activities	1,186,236,224,106	1,252,749,466,668
Raw materials and consumables	67,702,014,043	58,547,248,667
Labour	462,633,506,731	346,324,231,426
Depreciation and amortization	46,551,772,333	23,821,492,021
Out-sourced services	759,436,018,735	620,030,765,873
Other expenses	143,527,877,236	177,074,769,994
	2,666,087,413,184	2,478,547,974,649

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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30. FINANCIAL INCOME

	2013 VND	2012 VND
Deposit, loan interests	474,050,579,207	494,094,346,771
Gain from investments in bonds	18,973,495,996	29,051,982,052
Gain from stock trading	4,531,422,481	6,402,646,204
Gain from entrusted investments	56,674,394,367	44,672,212,958
Dividends, profits received	791,689,100	313,859,832
Foreign exchange gain	39,463,493,692	10,515,792,090
Income from repo activities	4,065,553,864	38,159,576,402
Other financial income	135,891,689,518	166,134,227,163
	734,442,318,225	789,344,643,472

31. FINANCIAL EXPENSES

	2013 VND	2012 VND
Expenses for stock trading	252,447,897	10,013,855,688
Expenses for trading of bond and commercial papers	6,397,222,222	6,397,222,222
Foreign exchange loss	28,507,846,152	15,611,850,553
Provision for impairment of investments	162,840,462,674	76,187,699,748
Other financial expenses	41,711,890,837	107,923,450,199
	239,709,869,782	216,134,078,410

32. CURRENT CORPORATE INCOME TAX EXPENSES

	2013 VND	2012 VND
Profit before tax	537,897,924,704	549,462,203,844
Adjustments for taxable income		
Less: non-assessble income	(4,003,095,467)	(13,850,240,890)
- <i>Dividends and profits received</i>	(791,689,100)	(11,770,487,031)
- <i>Non-taxable income</i>	(3,211,406,367)	(2,079,753,859)
Add back :	195,944,712,162	106,040,607,900
- <i>Adjustment of dividends and profits received</i>	-	11,456,627,199
- <i>Foreign exchange loss from revaluation of year-end balances</i>	-	4,989,296,957
- <i>Share of asscociates' net loss</i>	7,712,273,413	1,555,050,926
- <i>Remuneration to the Board of Management</i>	214,800,000	199,000,000
- <i>Depreciation of car at cost of over VND 1.6 billion</i>	800,811,167	354,210,173
- <i>Additional tax payable as per tax inspection minutes</i>	-	304,086,733
- <i>Taxable loss in PVI Holding and PVI Sun Life</i>	10,826,770,112	-
- <i>Other non-deductible expenses</i>	176,390,057,470	87,182,335,912
Assessable income	729,839,541,399	641,652,570,854
Normal tax rate	25%	25%
Corporate income tax	182,459,885,350	160,413,142,714

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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33. BASIC EARNINGS PER SHARE

	Unit	2013	2012
Earnings for the purpose of calculating basic earnings per share	VND	330,485,810,569	389,049,061,130
Average number of outstanding ordinary shares	Shares	226,250,518	214,549,110
Basic earnings per share	VND	1,461	1,813

34. COMMITMENTS

As at 31 December 2013, the Company had several significant commitments as follows:

- A contract of office construction in Yen Hoa Ward, Cau Giay District, Hanoi with the total estimated value of USD 54,954,000. Currently, the office tower was handed over in principle and in operational testing process.
- A commitment for purchasing apartments at Olalani resort at Son Tra - Dien Ngoc Street, Khue My Ward, Ngu Hanh Son District, Da Nang with the total value of USD 5,058,460. The cost incurred relating to this commitment is approximately 75% of the contract value.
- Capital contribution to establish PVI Asset Management Joint Stock Company ("PVI Asset Management - PVI AM") with charter capital of VND 100,000,000,000, in which the Company will contribute VND 35,000,000,000, corresponding to 35 % of the charter capital.

35. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance."

The capital structure of the Company consists of net debt (borrowings as disclosed in Note 18 and 23 offset by cash and cash equivalents) and equity (comprising capital, reserves and retained earnings).

Gearing ratio

The gearing ratio of the Company as at the balance sheet date was as follows:

	31/12/2013 VND	31/12/2012 VND
Borrowings	608,185,996,452	500,000,000,000
Less: cash and cash equivalents	2,672,078,875,363	1,773,518,264,884
Net debt	-	-
Equity	6,174,698,734,599	6,083,277,876,764
Net debt to equity ratio	-	-

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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35. FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments

	Carrying amounts	
	31/12/2013 VND	31/12/2012 VND
Financial assets		
Cash and cash equivalents	2,672,078,875,363	1,773,518,264,884
Trade and other receivables	1,267,963,114,382	1,105,343,562,739
Short-term investments	6,135,134,387,096	5,275,830,007,058
Long-term investments	397,677,683,087	808,329,150,618
Other financial assets	7,692,671,276	46,960,529,475
Total	10,480,546,731,204	9,009,981,514,774
Financial liabilities		
Trade and other payables	1,824,269,037,781	2,274,242,313,809
Claim reserve and accruals	657,405,018,516	729,438,054,505
Loans	608,185,996,452	500,000,000,000
Total	3,089,860,052,749	3,503,680,368,314

The Company has not assessed fair value of its financial assets and liabilities as at the balance date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risk include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices. The Company does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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35. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives (Continued)

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

Currency name	Codes	Assets (VND Equivalent)		Liabilities (VND Equivalent)	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
United States Dollar	USD	978,949,671,696	888,039,342,884	1,016,450,294,273	654,951,525,972
South Korea Won	KRW	60,812,802,909	40,889,913,444	51,965,375,806	11,509,112,144
Euro	EUR	53,862,236,842	26,153,855,770	49,320,801,105	8,537,652,821
Ringgit Malaysia	MYR	3,826,091,594	2,819,552,576	5,723,823,162	3,888,612,833
Russian Ruble	RUB	21,590,250	315,830,423	5,223,422,518	3,902,540,862
Others		10,159,646,399	6,025,543,615	11,708,409,728	2,661,199,262

Foreign currency sensitivity analysis

The Company is mainly exposed to United States Dollar.

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. For a 10% increase/decrease in the United States Dollar against Vietnam Dong, the profit before tax in the period would decrease/increase by VND 3,750,062,258.

Interest rate risk management

The Company has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Company by maintaining an appropriate level of borrowings and analyzing market competition to enjoy favorable interest rates from appropriate lenders.

Interest rate sensitivity

Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Company's profit before tax for the year ended 31 December 2013 would be unchanged (due to the fact that borrowing costs for the period are capitalized entirely to construction in progress), and the item "Construction in progress" would have decreased/increased by VND 10 billion (2012: VND 10 billion).

Price risk management

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

Share price risk management

Shares held by the Company are affected by market risks arising from the uncertainty about future prices of such shares. The Company manages this risk exposure by setting up investment limits. The Company's Board of Management also assesses and approves decisions on share investments such as operating industry, investees, etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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35. FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. As at the balance sheet date there is a significant concentration of credit risk arising on the entrusted investment and co-operation investment contracts. Credit risk was evaluated prudently by the Board of General Directors as presented in Note 6,7 and 15.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following table details the Company's remaining contractual maturity for its non-derivative financial assets financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets including interest that will be earned on those assets, if any and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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35. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management (Continued)

	Less than 1 year	From 1-5 years	More than 5 years	Total
	VND	VND	VND	VND
31/12/2013				
Cash and cash equivalents	2,692,262,885,625	-	-	2,692,262,885,625
Trade and other receivables	1,267,963,114,382	-	-	1,267,963,114,382
Short-term investments	6,135,790,318,885	-	-	6,315,790,318,885
Long-term investments	2,843,557,534	74,244,169,523	320,589,956,030	397,677,683,087
Other financial assets	1,127,066,673	6,565,604,603	-	7,692,671,276
Total	10,279,986,943,099	80,809,774,126	320,589,956,030	10,681,386,673,255

31/12/2013				
Trade and other payables	1,815,083,731,312	9,185,306,469	-	1,824,269,037,781
Claim reserve and accruals	657,405,018,516	-	-	657,405,018,516
Loans	146,851,276,861	653,691,434,885	-	800,542,711,746
Total	2,619,340,026,689	662,876,741,354	-	3,282,216,768,043

	Less than 1 year	From 1-5 years	More than 5 years	Total
	VND	VND	VND	VND
31/12/2012				
Cash and cash equivalents	1,777,680,603,164	-	-	1,777,680,603,164
Trade and other receivables	1,105,343,562,739	-	-	1,105,343,562,739
Short-term investments	5,610,234,613,008	-	-	5,610,234,613,008
Long-term investments	388,255,498,773	448,754,679,618	10,000,000,000	847,010,178,391
Other financial assets	42,528,328,777	4,386,400,698	-	46,914,729,475
Total	8,924,042,606,461	453,141,080,316	10,000,000,000	9,387,183,686,777

31/12/2012				
Trade and other payables	2,274,242,313,810	-	-	2,274,242,313,810
Claim reserve and accruals	729,438,054,505	-	-	729,438,054,505
Loans	71,000,000,000	595,209,027,778	-	666,209,027,778
Total	3,074,680,368,315	595,209,027,778	-	3,669,889,396,093

The management assessed the liquidity risk concentration at low level. The management believes that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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36. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Company entered into the following transactions with related parties:

List of related parties

Related party	Relationship
Vietnam Oil and Gas Group	The owner
PV2 Investment Joint Stock Company	Associate
Viet Housing International Investment and Development Joint Stock Company	Associate
The members of Vietnam Oil and Gas Group	Under the same owner

	2013 VND	2012 VND
Vietnam Oil and Gas Group		
Dividends payable	66,519,792,000	124,724,610,000
Dividends paid	124,724,610,000	124,724,610,000
Receipt of entrusted capital management	-	850,000,000,000
Payment for entrusted capital	850,000,000,000	-
Interest expense for entrusted capital	3,718,749,999	-
Management fee	6,531,838,602	4,350,354,276
Payment for interest expense for entrusted capital	77,479,861,111	73,761,111,112
Receipt of PetroVietnam Hospital's assets transferred	-	43,019,789,607
PV2 Investment Joint Stock Company		
(Adjustment)/Dividends declared	-	(2,278,080,000)
Entrusted investments	-	100,000,000,000
Principal of entrusted investment recovered	41,000,000,000	134,000,000,000
Interest income from entrusted investments	3,458,804,291	10,911,627,780
Shares received	30,251,000,000	-
Viet Housing International Investment and Development Joint Stock Company		
Entrusted investments	-	432,372,089,700
Interest income from entrusted investments	46,834,812,298	21,743,918,512
Shares transferred	74,517,960,000	5,937,141,096
Service fees	-	1,516,000,000
The members of Vietnam Oil and Gas Group		
Premium from direct insurance	2,445,302,281,477	1,442,910,531,681
Claim settlements of direct policies	279,924,910,666	250,076,301,826

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

(These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements)

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36. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Related party balances at the balance sheet date were as follows:

	31/12/2013 VND	31/12/2012 VND
Investments in associates		
PV2 Investment Joint Stock Company	138,721,893,200	138,721,893,200
Viet Housing International Investment and Development Joint Stock Company	102,000,000,000	102,000,000,000
Principal of entrusted investments		
PV2 Investment Joint Stock Company	-	41,000,000,000
Viet Housing International Investment and Development Joint Stock Company	432,372,089,700	432,372,089,700
Receivables		
PV2 Investment Joint Stock Company	1,007,981,700	9,653,981,700
Viet Housing International Investment and Development Joint Stock Company	105,837,710,810	22,047,118,512
The members in Vietnam Oil and Gas Group	60,159,680,549	110,979,365,106
Payables		
Vietnam Oil and Gas Group	113,841,560,568	1,095,807,489,680
Viet Housing International Investment and Development Joint Stock Company	2,591,295,000	-
The members in Vietnam Oil and Gas Group	3,728,882,901	38,379,631,178

Remuneration of the Board of General Directors

Remuneration paid to the Board of General Directors of the Company during the year was VND 5,001,040,679 (2012: VND 4,944,631,514).

37. COMPARATIVE FIGURES

Comparative figures are figures of the audited consolidated financial statements for the year ended 31 December 2012

On 28 December 2012, the Ministry of Finance issued Circular No. 232/2012/TT-BTC ("Circular 232") providing accounting guidance applicable to non-life insurers, reinsurers, and branches of foreign non-life insurers, including the regulation which states that reinsurance outward premium will be deducted when calculating net sales from insurance activities. Although Circular 232 is effective from 01 January 2014, but in order to ensure consistency in figures of accounting periods before and after the application of Circular No. 232, the Company decided to reclassify reinsurance outward premium and transferred it from the item "Cost of sales" (Code 11) to item "Deductions" (Code 02).

Accordingly, certain reclassifications have been made to the figures in the prior year's consolidated income statement to enhance their comparability with the current period's figures. Details are as follows:

	Reported amount VND	Reclassification VND	After reclassification VND
Deductions	189,979,640,027	2,941,555,616,095	3,131,535,256,122
Cost of sales	4,194,305,082,763	(2,941,555,616,095)	1,252,749,466,668


Doan Thi Hong Thuy
Preparer
17 February 2014


Phung Tuan Kien
Chief Accountant


Bui Van Thuan
General Director



PVI HOLDINGS

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